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Regional Law Officials Fail To Reach Terrorism Accord

BK2206114496 Bangkok THAILAND TIMES in English 22 Jun 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Law enforcers from 50 countries in Asia and the Pacific yesterday failed to reach a "practical" agreement to combat international terrorism in the region, said a senior Thai police official.

"It (discussions on anti-terrorism cooperation) was never settled. We (Interpol) just keep on discussing about it," said the head of Thailand's international police (Interpol), Police Major General Amarin Niamsakun.

The four-day conference was attended by international police from 50 Asia-Pacific countries.

Amarin said nearly 150 participants of the conference agreed on "principle" that they should come up with a concerted action to combat international terrorism and hijacking.

They also agreed that there should be a worldwide sharing of information about terrorists and terroristic activities.

However, Amarin did not comment why the 50 countries could not achieve a practical teamwork against terrorism.

The conference yesterday also shared experiences in tackling crimes against people and property such as trafficking of illegal immigrants in Asia and child prostitution, among others.

The conference aims to seek effective measures to suppress economic crimes and eventually to eliminate all crimes.

He said Japan and Australia proposed to support a training program for Interpol in Asia.

ASEAN Investment Agencies Meeting Ends 5 Jul

BK0607091096 Kuala Lumpur THE STAR in English 6 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Petaling Jaya — The two-day ASEAN heads of investment agencies meeting ended yesterday with an agreement to implement three programmes to facilitate foreign direct and intra- ASEAN investments.

The programmes, to be implemented under the ASEAN Investment Area (AIA), were investment facilitation and co-operation, investment promotion and awareness and investment liberalisation.

Meeting chairman Tan Sri Zainal Abidin Sulong, who is also chairman of Malaysian Industrial Development Authority (MIDA), said the ASEAN Agreement on Promotion and Protection of Investment would be reviewed and a new protocol signed in September.

When asked to comment on the agreement, ASEAN secretary-general Datuk Ajit Singh said "the revision was not to overcome weaknesses but to attract and increase the confidence of investors."

"This will include provisions on transparency and predictability, simplification of investment procedures and approval process, dispute settlement mechanism, and accession of new members," he said.

Zainal said as ASEAN was increasingly addressing investment policy issues, the meeting agreed to establish Senior Official Meeting on Investments (SOM-I) to work out practical measures on investment co-operation and promotion.

He said the agencies also agreed to a work programme on investment for 1996-98 to implement the ASEAN Plan of Action on Co-operation and Promotion of Foreign Direct Investment and Intra- ASEAN Investment.

Zainal Abidin said to facilitate investment, ASEAN would develop a support industry database to assist investors seeking parts, components or raw materials from member countries.

ASEAN Rejects U.S. Proposal To Set Labor Standards for WTO

BK0807053496 Bangkok BANGKOK POST in English 8 Jul 96 p 17

[Report by Somphon Thapphanachai]

[FBIS Transcribed Text] Thailand has registered its opposition to a proposal by the United States and Norway for a working party to study World Trade Organisation stipulations of basic labour standards.

The U.S. and Norway proposed that the working party be appointed at the first meeting of WTO ministers in Singapore this December, according to an official at the Commerce Ministry.

They proposed that the working party report its findings at the next ministerial meeting two years hence, and suggested that standards be established in four areas: collective bargaining rights, the right to form associations, prohibition of child and forced labour, and an end to sex discrimination in the workplace.

Officials of the U.S. and Norway had distributed the draft of the proposal at a meeting of officials from WTO member countries in Geneva.

On learning of the proposal, Thailand and other ASEAN countries adopted a unified position: they rejected it.

An official at the Business Economics Department said the U.S. Embassy in Thailand sent representatives to discuss the matter with officials of the department, and sought Thailand's support.

But Thai officials had stood firm in rejecting the move.

The official referred to a report by the Organisation of Economic Cooperation and Development (OECD) which he said demonstrated that there is no relationship between global economic growth and labour standards.

The proper body to look after labour issues is the International Labour Organization, the official argued.

Thai officials have pointed out to the U.S. side that developed nations also in the past exploited labour, especially during the period when they were building up their economies.

The developed countries should allow these developing nations to gradually develop themselves so that they can reach the same level as developed countries, the official said.

"The developed members should not apply their own labour standards to the developing countries, because different countries have varying levels of economic development," he said.

Thailand built up its economy through a free trade system. The developed countries should allow other developing members to improve themselves without interference, he said.

In the past, the U.S. spent large sums suppressing communism in the Asian region with a pledge to enable people in the region enjoy a better standard of living.

But the U.S. could open its markets for products from developing countries, and that would automatically improve the social and economic standards in these countries, without the U.S. having to spend large sums of money as in the past, the official argued.

Thailand could stand in a position of strength in the world trading system through its exports and by opening its domestic market to products from other countries.

The country's gross domestic product [per capita] is now U.S. $2,680 and at purchasing power parities U.S. $6,780, meaning Thailand could gain from the liberalisation system, the source said.

The source said the U.S. was also not a signatory to many ILO [International Labor Organization] Conventions, while most developing countries had already ratified these conventions.

Therefore, the U.S. should at least accept and sign those ILO Conventions before trying to force the stipulation of labour standards in the WTO.

ASEAN Upgrades Russia to Full Dialogue Partner

BK0907043696 Bangkok THE NATION in English 9 Jul 96 pp A1, A3

[Unattributed Report]

[FBIS Transcribed Text] The Association of Southeast Asian Nations (ASEAN) decided yesterday to upgrade Russia's status to a full dialogue partner from a consultative dialogue, an informed source said yesterday.

The decision was made at a meeting yesterday in Jakarta of senior ASEAN officials ahead of a series of annual regional ministerial meetings to be held later this month in the Indonesian capital, made up of the ASEAN Ministerial Meeting, the ASEAN Regional Forum (ARF) and the Post Ministerial Conference (PMC).

With the new status, Russia will join the seven traditional ASEAN dialogue partners — Australia, Canada, Japan, New Zealand, South Korea, the United States and the European Union — and newcomers, China and India, at the PMC on July 24 and July 25.

ASEAN members decided to upgrade India from a "sectoral dialogue partner" to full partnership last December, and China from a consultative partner to the same status earlier this year.

The entry of Russia, which had been lobbying hard to upgrade its ties with ASEAN since the beginning of this year, will make the PMC significant as it marks the first time ASEAN has had the five super powers as full dialogue partners.

The source, who asked not to be identified, said the organization planned to hold a welcoming ceremony for the three new partners before the start of the ARF on July 23, when discussions will be held on political and security affairs in Asia and the Pacific region.

The official said Russia has shown particular interest in cooperating with ASEAN members in the science and technology field. The grouping has designated Vietnam as a country coordinator with Russia.

Russia and China first attended the ASEAN meeting in 1991 in Kuala Lumpur and have since been called consultative partners until they became dialogue partners.

Moscow officially submitted a letter expressing its desire to become a full dialogue earlier this year. Secretary-general of ASEAN, Ajit Singh, visited Moscow from June 3 to June 5.

Japan

Japan: Tsukahara Reiterates Call for 'Concessions' for Chip Accord

*OW0907080496 Tokyo KYODO in English
0653 GMT 9 Jul 96*

[FBIS Transcribed Text] Tokyo, July 9 KYODO — International Trade and Industry Minister Shumpei Tsukahara reiterated Tuesday that both Japan and the United States need to make concessions for resolving their dispute over semiconductor trade.

"I hope Japan and the U.S. will mutually compromise to strike an agreement which is favorable internationally," Tsukahara said at a news conference.

Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed to settle the dispute by July 31 when they met in Lyons, France, last month during the summit of the Group of Seven industrialized countries.

Japanese and U.S. officials are holding working-level talks Tuesday to help break the deadlock. Tsukahara said he expects the officials to make serious efforts for resolving the issue frankly without testing each other.

At the heart of the dispute is the 1991 Japan-U.S. microchip agreement that expires July 31. The pact effectively reserves at least 20 percent of the Japanese market for foreign chips. Foreign market share now tops 30 percent.

While Washington wants a new bilateral accord after the expiry of the current pact, Tokyo rejects any arrangement that will involve government intervention in the market.

It instead proposes replacing the agreement with a multilateral forum among Japan, the U.S. and the European Union (EU) to discuss intellectual property rights, research and development, and other issues surrounding chip trade.

Meanwhile, despite improving indicators, Tsukahara was cautious about the strength of the Japanese economy because, he said, small businesses are still "in an extraordinary situation," in which capital investment and employment are not picking up.

The comment followed the government's monthly economic report released the same day which said the economy remains on a recovery track amid the increasing solidity of private-sector demand.

"Supplementary budgets and public works spending will not be enough (to ensure transition to a stronger economic recovery) because we have never experienced anything like the current economic conditions," Tsukahara said.

"We need to rack our brains and come up with ideas for a different situation," he said.

Japan: MITI, EU Discuss Trilateral Semiconductor Forum

*OW0807134296 Tokyo KYODO in English
1247 GMT 8 Jul 96*

[FBIS Transcribed Text] Tokyo, July 8 KYODO — Japan and the European Union (EU) on Monday rejected monitoring the foreign market share in the semiconductor market in any given country as a way of gauging the openness of the market, a Japanese Trade Ministry official said.

They also rejected the use of numerical targets or anything resembling it in microchip trade, the official at the Ministry of International Trade and Industry (MITI) said.

The rejections came at working-level talks between Japanese and EU semiconductor experts who gathered in Tokyo to discuss a Japanese proposal for setting up a government-level forum among Japan, the United States and the EU to discuss microchip trade.

Japan made the proposal to the U.S. and the EU late last month in an attempt to establish a new framework to replace the Japan-U.S. semiconductor agreement, which expires July 31. The current agreement effectively reserves at least 20 percent of the Japanese market for foreign chips.

Japan argues that the pact is unnecessary given the foreign market share in Japan has topped 30 percent. But the U.S. insists on inking a new bilateral agreement.

Washington is asking for the two governments to continue calculating and monitoring the foreign market share in line with the old pact.

It has offered to drop the 20 percent target, but has called for preserving and continuing progress made under the old accord — a phrase that Japan argues would effectively serve as another numerical target by creating a floor at 30 percent.

In Monday's talks, Japan was represented by Yoshio Ichiryu, deputy director general of MITI's Machinery and Information Industry Bureau, while the EU side was headed by Peter Carl, director for sectoral commercial questions.

Japan was hoping to clarify that the U.S. is under international criticism for its requests about semiconductor trade with Japan. Some see the requests as being akin to managed trade.

The EU — which feels the 1991 Japan-U.S. Accord works against the interest of European chip makers — sided with Japan on establishing a multilateral cooperative framework, the official said.

Besides the rejections of market share monitoring and numerical targets, the two sides shared an understanding on other basic points in semiconductor trade, the official said.

For instance, they agreed that a bilateral framework is inappropriate at a time when the microchip industry is globalizing, the official said. The view falls in line with Japan's position of forging a multilateral partnership.

Japan and the EU also confirmed that governmental partnerships on microchip trade should be based on market principles, rules under the World Trade Organization (WTO) and global interactions, he said.

Meanwhile, the EU side showed a willingness to accept a call from Japan and other countries for repealing its tariffs on semiconductor imports, though it did not say when it will do so, the official said.

It also agreed to take up the issue of tariffs in the planned trilateral semiconductor forum, he noted.

The trilateral semiconductor forum was proposed by Yoshihiro Sakamoto, vice MITI minister for international affairs, when he visited Washington and Brussels before the June 27-29 summit of group of seven industrial powers in Lyons, France.

The forum would be designed to allow governments to deal only with market barriers, intellectual property rights, environmental problems and other issues surrounding semiconductor trade.

The U.S., however, feels the proposed forum would fail to directly address its market access concerns.

Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed to settle the semiconductor dispute and another row on insurance by July 31 when they met during the Lyons summit.

Japanese and U.S. officials will hold working-level talks later this week ahead of senior sessions planned on the occasion of the July 15-16 meeting of trade ministers of the Asia-Pacific Economic Cooperation (APEC) forum in New Zealand.

Sakamoto is expected to meet with Ira Shapiro, senior counsel and negotiator at the office of the U.S. Trade Representative, on Saturday and Sunday prior to the meeting.

MITI Minister Shumpei Tsukahara will meet with acting U.S. Trade Representative Charlene Barshefsky during the ministerial meeting.

Speaking to reporters after the meeting, Carl of the EU said the union is committed to rejecting any numerical target for semiconductor trade.

"We...Are very strongly opposed to the introduction of any form of numerical targets, whether this be done directly or indirectly, explicitly or implicitly," he said.

Carl indicated the Japan-U.S. semiconductor accord has taken its toll on the presence of european chip makers in Japan.

"We have lived for the last five years in the shadow of an agreement between the United States and Japan" which the Europeans never liked or accepted, he said.

"It is our belief that one of the consequences of the current arrangement has indeed been to put pressure on Japanese buyers of foreign semiconductors to purchase American-made semiconductors," he said.

On an international call for repealing EU tariffs on microchips, Carl said he sees no problem there, saying European chip makers are ready to "strongly support the elimination" of the tariffs. (endall)

Tokyo, Washington Reschedule Insurance Talks for 17, 18 Jul

OW0907114896 Tokyo KYODO in English 1040 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Japan and the United States have rescheduled for July 17 and 18 the upcoming working-level negotiations to settle their bilateral insurance dispute, a Finance Ministry official said Tuesday.

The talks, which were originally slated for July 16 and 17, were moved back a day at the U.S.'s request when Finance Minister Wataru Kubo and U.S. Ambassador Walter Mondale met at the ministry on Tuesday.

After the working-level session, Eisuke Sakakibara, director general of the ministry's International Finance Bureau, will meet with Ira Shapiro, senior counsel and negotiator at the office of the U.S. Trade Representative, the official said.

While the venue and date of the high-level talks have yet to be finalized, the meeting will probably take place some time in the week following the working-level session, he noted.

The working-level talks will be attended by Haruhiko Kuroda, deputy director general of the International Finance Bureau, and deputy assistant U.S. Trade Representative James Southwick.

Kubo and Mondale only "confirmed the schedule of negotiations coming up" without going into the content of the talks, Mondale told reporters as he left the ministry.

"We are both committed to trying very hard" to resolve the dispute, Mondale said.

Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed to settle the dispute by July 31 when they met in Lyon, France last month shortly before the summit of the Group of Seven leading economic powers.

Kubo and U.S. Treasury Secretary Robert Rubin reached a similar agreement at their bilateral meeting in the French city.

The deadline was confirmed when Kubo and Mondale met Tuesday, the Japanese official said.

At the heart of the dispute is whether to allow Japanese life insurance companies to access the personal accident segment of the Japanese insurance market through planned nonlife subsidiaries immediately after their establishment.

While Japan is arguing for the immediate entry of the subsidiaries into the segment, the U.S. says it would violate the 1994 bilateral insurance agreement, which calls for Japan to take special measures in the so-called third sector of its insurance market.

The third sector includes sickness, accident, nursing care and other policies combining life and nonlife insurance benefits.

Foreign insurers are dominant in cancer coverage and other lucrative products into which major Japanese insurers have been denied access.

Under the accord, Japan is to take such steps as banning the subsidiaries from introducing "new and expanded products" to avoid "any radical change" in the sector for a "reasonable" period after liberalizing its primary life and nonlife sectors.

Japan and the U.S. have already agreed to take special measures for around three years for cancer and certain other disease insurance policies.

Japan: Hashimoto Urges Governor Ota To Act on U.S. Military Leases

OW0907015296 Tokyo KYODO in English 0140 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Prime Minister Ryutaro Hashimoto formally asked Okinawa Gov. Masahide Ota on Tuesday to cooperate in renewing leases on land plots inside Kadena Air Base and 10 other U.S. military facilities in Okinawa prefecture, government officials said.

The officials said Hashimoto requested Ota to take action by July 19.

The forced leases on land totaling 129,000 square meters will expire next May, and the Hashimoto government wants the governor of Japan's southernmost island prefecture to take the steps needed to renew them, including posting official notices of renewal.

If Ota refuses to accept the request, as is widely expected, the central government will file a suit with the Naha branch of the Fukuoka High Court against the Okinawa prefectural government, seeking to force the governor to comply.

The 129,000 sq. meters of land inside the 11 military facilities is owned by roughly 3,000 people, all of whom have opposed the forced contracts. The land includes a plot on which part of a runway at the Kadena Air Base stands.

The central government asked Gov. Ota to act after the mayors of nine cities and towns where the 11 facilities are located refused to announce their official acceptance of the government request to renew the land leases.

Under the local autonomy law, Gov. Ota is supposed to make the announcements by proxy.

In a related development, Gov. Ota will consult his top advisers Tuesday afternoon about formally rejecting the central government's request to facilitate renewal of the forced lease on a 236-square-meter plot inside the U.S. Navy's Sobe communications facility, which expired at the end of March.

On July 4, Ota received a letter from Hashimoto ordering the governor to take the required steps by Thursday to renew the lease on the Sobe military facility, and to cooperate with the central government's policy on continuing the forced lease of land to U.S. Forces in Japan.

The central government will also take the Sobe case to the Naha branch of the Fukuoka High Court if Ota refuses to comply.

Japan: Government 'Irritated' Over Base Stalemate

OW0907005196 Naha OKINAWA TIMES in Japanese 8 Jul 96 Morning Edition p 2

[Article by unidentified reporters in charge of base issues: "Government Becomes Irritated for Failure To Solve MCAS Futenma Relocation Issue"]

[FBIS Translated Text] During the recent talks with the United States on construction of an alternative heliport in exchange for the return of Marine Corps Air Station [MCAS] Futenma, Tokyo made a fresh proposal that the heliport be built at Kadena Air Base [KAB]. It made the proposal after concluding that, in the current situation in which other places considered possible sites for the heliport voiced opposition to the relocation plan, the return of MCAS Futenma would be impossible unless the two governments proposed a compromise. The Japanese and U.S. Governments also have not abandoned the idea of relocating the heliport to the Kadena ammunition storage area. Thus, they will select a site for the heliport from four locations, including KAB, the Kadena ammunition storage area, Camp Hansen, and Camp Schwab.

Tokyo will have difficulty dealing with the heliport issue because it has been stymied by U.S. demands and Okinawa's opposition to the relocation plan, and because relations between the prefectural government and local municipalities are expected to become tense.

Government's Irritation

Okinawa Governor Masahide Ota once said: "It would be difficult to relocate the heliport within the prefecture." His remark puzzled the government. A source within the Prime Minister's Official Residence said: "It is unclear whether he meant that the prefecture would not cooperate with carrying out the relocation plan, or that he hoped the government would renegotiate with the United States about the plan." A member of the Japan-U.S. Special Action Committee on Okinawa (SACO) said irritably: "The governor should not just reject the relocation plan. He should give some advice about a flight lane for a new heliport and about locations where he can get the approval of local residents for building a heliport."

Under such circumstances, the Social Democratic Party [SDP] reportedly informed the government that "the prefecture will accept KAB as a site for a new heliport." The government took this as an signal that will open the way for solving the problem. Tokyo had abandoned the idea of consolidating KAB and MCAS Futenma because of difficulty securing enough space at KAB to accomodate MCAS functions and because of opposition from the United States, which claimed that the joint use of the base by the Air Force and Marine Corps would be technically difficult.

The government dared adopt the idea again to show its stance of giving priority to Okinawa's wishes over those of the United States, hoping to win the support of Okinawa residents.

However, the aforementioned SACO member said: "The United States still opposes the relocation of MCAS Futenma to KAB." He also noted that the U.S. side had not given up the idea of moving the Futenma facility to the Kadena ammunition storage area.

Prefecture's Bewilderment

On the morning of 5 July, Okinawa Vice Governor Masanori Yoshimoto telephoned the SDP head office to complain about that morning's YOMIURI SHIMBUN article saying: "Through the SDP, Vice Governor Yoshimoto notified the government that the prefecture would agree to build a new heliport at KAB."

During telephone conversations with Hideyuki Maejima, SDP general affairs bureau director, Yoshimoto strongly demanded that "the SDP take proper actions [to deny the report]." At a prefectural assembly meeting, Yoshimoto was grilled about the news report. He flatly denied it, saying: "There is no such agreement."

On the previous day, another news report, also citing an SDP source, said: "The prefecture will obey the Supreme Court's ruling on the dispute between the central and prefectural governments over the forced use of land for the U.S. military." The prefectural office is perplexed why the SDP said such things. A senior prefectural government official said: "We should refrain from contacting the SDP for the time being."

It is true that senior prefectural government officials have discussed the relocation of MCAS Futenma to KAB as an option to integrate the former into an existing military base, though they do not think it is the best plan. However, the prefectural office, which asserts that the relocation plan should be promoted under the initiative of the central government, is cautious about relocating MCAS Futenma within the prefecture because of its possible bad effects on relations between the prefectural government and local municipalities.

A top prefectural government official said: "We only have to promote work to draw up plans for the use of the MCAS land after it is returned. We can postpone the selection of a site for relocation," indicating that the prefectural government would take a wait-and-see attitude for the time being.

Local Municipalities' Astonishment

The YOMIURI SHIMBUN news came as a "great surprise" to Chatan Town mayor Choichi Hentona. On that morning, he convened an extraordinary town assembly meeting, thinking that his town should express opposition to the relocation plan whether or not the news was wrong.

At a news conference held that afternoon, Hentona clarified his stand against the relocation plan, saying: "Approving the construction of a new military base is tantamount to giving cooperation in building it. Once we approve it, the base will exist forever."

It is rare that Kadena Town mayor Tokujitsu Miyagi reads aloud from the newspapers. But that morning, he carefully read aloud from the YOMIURI SHIMBUN news and murmured: "I have not been informed of anything," and, "They tell me nothing unless I ask." He was not sure whether the news was true or not.

In April, Kadena Town conducted a rally against the relocation of some MCAS functions to KAB.

Although Japan and the United States signed an agreement on the reduction of noise from KAB, the accord proves to be ineffective. Also, it is not clear when a naval ramp at KAB will be relocated. And Okinawa continues to be burdened with heavy U.S. military presence. Under such circumstances, it is inevitable that Kadena residents will intensify their opposition to the consolidation of KAB and MCAS Futenma.

Japan: U.S. Frigate Arrives in Nagasaki Amid Protest

OW0907015796 Tokyo KYODO in English 0142 GMT 9 Jul 96

[FBIS Transcribed Text] Nagasaki, July 9 KYODO — The 3,638-ton guided missile frigate McClusky with about 250 crew members on board arrived at Nagasaki port Tuesday to a mixed reception of greetings from local defense officials and protests by antinuclear activists.

During the frigate's stay in Nagasaki until Friday morning [12 July], the crew will attend a welcoming reception hosted by the Nagasaki Japan-American society and other functions, officials said.

While 100 local defense officials welcomed the McClusky's arrival, about 130 antinuclear protesters held two separate rallies at a pier.

Nagasaki Mayor Itcho Ito said, "we wanted the frigate to avoid making a port call because of the approaching anniversary of the atomic bombing but we do not protest because the prefectural government is in charge of port management."

Pacifist groups and other groups have asked the Nagasaki prefectural government and the city of Nagasaki to oppose the McClusky's port call.

Japan: Scenarios for Defense Cooperation With U.S. Studied

OW0907013996 Tokyo TOKYO SHIMBUN in Japanese 7 Jul 96 Morning Edition p 1

[FBIS Translated Text] The government decided on 6 July to study the roles of the Self-Defense Forces [SDF] and U.S. Forces in dealing with situations in the "area surrounding Japan" — which will be a major topic in the review of the "Guidelines for Japan- U.S. Defense Cooperation" — by classifying possible scenarios into the following four patterns: "emergency" [yuji] in the "Far East"; "emergency" in the "area surrounding the Far East" [kyokuto shuhen]; "urgent situation" [kinkyu jitai] in the "Far East"; and "urgent situation" in the "area surrounding the Far East." This approach is intended to make clear a "gray area" in connection with the use of the right of collective self-defense prohibited by the Japanese Constitution. Japan will hold discussion with the United States at such venues as the Japan-U.S. Subcommittee for Defense Cooperation scheduled to start around 20 July.

Regarding the review of the defense cooperation "guidelines," Japan and the United States agreed at a meeting of the Security Subcommittee (SSC) in late June to discuss mainly "peacetime cooperation," "emergencies in Japan," and "situations in the area surrounding Japan." In particular, the concept of "situations in the area surrounding Japan" [nihon shuhen jitai] is wider than that of "emergencies in the Far East" [kyokuto yuji] which are stipulated in the current guidelines. Work on reviewing the Japan-U.S. defense cooperation guidelines has focused on how Japan's logistical support should be provided to U.S. Forces in situations in the area surrounding Japan.

However, concepts or terms referring to "situations in the area surrounding Japan" are ambiguous. For example, such scenarios as "provision of civil airports" and "fuel supply" to U.S. Forces might be questionable in connection with the use of the right of collective self-defense, depending on whether such cooperation is intended for Japanese waters or other regions in a state of war.

For this reason, the government has decided to classify expected scenarios by region and situation to clarify their connection with the use of the right of collective self-defense. Depending on progress in Japan-U.S. consultations, there is a possibility that the four scenarios will be further classified into other scenarios.

As for the area "surrounding Japan," the Defense Agency explains that "it cannot be defined, but it means an area larger than the Far East." Regarding the "Far East," which is stipulated in the Japan-U.S. security treaty, the government has indicated its unified view that the Far East "is the area north of the Philippines that includes Japan, its surrounding areas, Taiwan, and South Korea." However, it has not clarified whether the area includes the DPRK (North Korea) and the Spratly Islands. Meanwhile, the "area surrounding the Far East" is believed to mean China, ASEAN countries, the Middle East, and other areas beyond the Far East.

On the other hand, "emergency" [yuji] in the area surrounding Japan is limited to situations in which U.S. Forces have entered a state of war. The government considers that this "emergency" [yuji] is different from "emergency in Japan" [nihon yuji], which refers to the situation in which the SDF takes defensive action against aggression toward Japan. As another expected scenario, an "urgent situation" [kinkyu jitai] is regarded as one that is expected to affect the security of Japan. In this context, the government considering wide-ranging scenarios such as a "state of conflict," "U.S. Forces' temporary combat actions," and "U.S. Forces taking actions as a demonstration."

Japan: Work Share Dispute With U.S. Likely To Delay F-2 Production

OW0907043796 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Jul 96 Morning Edition p 2

[FBIS Translated Text] Japan and the United States are confronting each other over their work share of the mass production of the fighter support aircraft F-2, which has been developed under the Japan-U.S. joint project for the Air Self-Defense Forces [ASDF], and there is a possibility of a considerable delay in starting mass production. Although Japan and the United States confirmed in 1989 a "60 percent work share for Japan and 40 percent for the United States," the U.S. Government contends that its portion of the work will not reach 40 percent on the grounds that the yen's exchange rate has appreciated when compared to 1989, when the work share was confirmed, thus calling on the Japanese side to give some part of its work, such as production of engines, to the U.S. side so that its work share will reach 40 percent. The Japanese side has reacted negatively to the U.S. demands, saying the production cost will expand. Thus, negotiations between the two nations are facing tough going.

The F-2 is a successor to the ASDF's F-1. In 1987 the two countries agreed to jointly develop the F-2 modeled on the U.S.-made F-16. In 1989, during negotiations on work share at the mass production stage, the two sides confirmed that, like the developing stage, the work share of the Japanese companies is set at 60 percent and that of the U.S. industries at 40 percent of the total production cost.

Late last year the Japanese Government decided to produce a total of 130 F-2's (the unit cost of mass production is approximately 8 billion yen) in 12 years from FY96. Therefore, the total cost for mass production was to be approximately 1 trillion yen, of which the Japanese side takes charge of work amounting to approximately 600 billion yen and the U.S. side would take approximately 400 billion yen.

To convert these amounts into dollars the Japanese side used the exchange rate in 1989 (about 130 yen = dollar), saying approximately $3 billion is "the U.S. side's share." On the contrary, the U.S. side said that when its share of $3 billion is calculated based on the current exchange rate (about 110 = dollar), it will reach merely 330 billion in yen, thus arguing that it will not constitute the work share of 60 percent for Japan and 40 percent for the United States. Then, to make up for this shortage, the U.S. side demanded that "Japan should pass some of its work, such as engine production, to the U.S. side."

However, the Japanese side reacted against the U.S. calls, saying "if we give the U.S. side some of our scheduled work, the transportation cost will increase, and additional investment in plants and equipment will be needed. Therefore, the unit price of mass production will rise" (according to a senior official of the Defense Agency [DA]). To discuss which exchange rate should be applied to calculations for the U.S. work share, DA officials and U.S. Defense Department officials in charge of the project held 3 days of talks in Tokyo from 12 June. Nevertheless, they failed to reach a compromise. Given this situation there is a possibility that the scheduled launch of mass production after the FY96 budget is approved will be delayed by a large margin.

Japan: Cabinet Ministers Urge 'Bold Deregulation'

OW0907040096 Tokyo KYODO in English 0316 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Cabinet ministers, making preparations for the fiscal 1997 budget, underlined the need Tuesday to push for bold deregulation measures as a means to reduce spending, government officials said.

They made the stance clear in the second cabinet meeting in a week to review the current system of putting ceilings on budget requests, the officials said.

At a meeting of government and ruling party leaders July 16, the government is due to set a new formula for determining how much growth can be allowed in the national budget for fiscal 1997, which begins next April 1.

Prime Minister Ryutaro Hashimoto wants the budget to include more money for science and technology, telecommunications and the development of other sectors which can promote Japan's economic structural reform.

However, because of Japan's tight fiscal conditions, the finance ministry is cautious about a new spending quota being guaranteed for carrying out structural reforms.

Japan's outstanding balance of government bonds is projected to reach 241 trillion yen at the end of next March, equal to nearly 50 percent of the nation's gross domestic product.

Japan: Kajiyama Says Cabinet To Discuss Budget Ceilings

OW0907070096 Tokyo KYODO in English 0634 GMT 9 Jul 96

[FBIS Transcribed Text] The cabinet will hold the third and fourth unofficial meetings on Friday [12 July] and next Tuesday respectively to further discuss the ceilings so that the government and the three ruling parties can agree on a ceiling plan next week or later, Kajiyama told a press conference after the unofficial cabinet meeting.

During Friday's session, Finance Minister Wataru Kubo will submit his basic idea on fiscal 1997 budget ceilings and ministers will begin voicing their opinions, the government spokesman said.

Based on the ceilings, the cabinet plans to officially decide on the matter by the end of July, and ministries and agencies will submit their budgetary requests to the finance ministry at the end of August.

At last Friday's meeting, the cabinet agreed that Japan's rigid state budget allocations must be thoroughly reviewed because of severe budgetary constraints.

Hashimoto wants the budget to include more money for science and technology, telecommunications and the development of other sectors which can promote Japan's economic structural reform.

However, because of Japan's tight fiscal conditions, the finance ministry is cautious about a new spending quota being guaranteed for carrying out structural reforms.

Japan's outstanding balance of government bonds is projected to reach 241 trillion yen at the end of next March, equal to nearly 50 percent of the nation's gross domestic product.

Japan: Spokesman: No Comment on ICJ Refusal To Rule on Arms Threat

OW0807153196 Tokyo KYODO in English 1515 GMT 8 Jul 96

[FBIS Transcribed Text] Tokyo, July 8 KYODO — Japan would not comment on the International Court of Justice's [ICJ's] refusal to rule on whether the threat or use of nuclear arms violates international law, a Foreign Ministry spokesman Hiroshi Hashimoto said Monday.

The world court Monday dismissed pleas from the World Health Organization (WHO) and the U.N. General Assembly for an advisory opinion on the legality of the use of nuclear weapons.

He said Tokyo will closely watch reactions to the court's decision and added that no nuclear arms should be used ever again.

A senior Foreign Ministry official said Japan will continue to seek the ultimate abolition of nuclear arsenals irrespective of the court's refusal to advise on the issue of legality.

"In any event, the important thing is to abolish all nuclear weapons and continue making efforts to rid the world of nuclear weapons," the official said on condition of anonymity.

Meanwhile, the two Japanese cities to have suffered from atom-bombing reacted angrily to the world court's dismissal.

"It is quite regrettable that no clear-cut answer was given," said Takashi Hiraoka, mayor of Hiroshima, which suffered the world's first atomic bomb attack on Aug. 6, 1945.

"In a sense, the outcome looks as if to approve of the status quo...It makes me wonder what the role of international justice is," he told reporters. He added that he suspects the court is controlled by nuclear powers.

Itcho Ito, mayor of Nagasaki, also expressed his anger at the world court's refusal to judge on the legality of nuclear weapons. Nagasaki was attacked with a U.S. atomic bomb on Aug. 9, 1945.

"I felt enraged," he told a news conference.

Both Hiraoka and Ito said their cities will continue efforts to seek a worldwide ban on nuclear arms.

Japan: Hashimoto Welcomes World Court's Nuclear Statement

OW0907022796 Tokyo KYODO in English
0218 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Prime Minister Ryutaro Hashimoto on Tuesday welcomed the world court's opposition to nuclear weapons, saying it would expedite an early conclusion of the proposed Comprehensive Nuclear Test Ban Treaty (CTBT).

"Our ultimate objective is abolish nuclear weapons and it is best to do so by signing the CTBT at an early date," he told reporters.

The Hague-based International Court of Justice on Monday [8 July] said it is against the use or threat of nuclear weapons but stopped short of passing a judgment on the legality of such weaponry.

Chief Cabinet Secretary Seiroku Kajiyama said Tuesday the government will watch how the court decision affects the future appraisal of the use of nuclear arms under international law.

"The government believes nuclear arms causes massive damage to human beings and must never be used again," Kajiyama told a press conference, adding, "It is important for us to continue realistic and constant efforts to achieve nuclear disarmament, aiming to bring about a world without nuclear weapons."

Japan has repeatedly said that, because of such weapons' huge power to destroy, kill and cause injury, the use of nuclear arms is not consistent with the humanitarian spirit of international law, Kajiyama said.

Japan: Defense Agency Says Warship To Participate in Russian Parade

OW0907083796 Tokyo KYODO in English
0707 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — A Japanese warship will take part in a naval parade in Vladivostok in late July, becoming the first Japanese warship to visit Russia in 71 years, the defense agency announced Tuesday.

At the port in the Russian Far East, the 5,200-ton destroyer Kurama will participate July 28 in a ceremony to mark the tricentennial anniversary of the Russian navy, agency officials said.

Kurama will become not only the first vessel of Japan's Maritime Self-Defense Force but also the first Japanese warship to do so in 71 years since the Imperial navy cruiser iwate visited Vladivostok in 1925, according to the National Institute for Defense Studies.

The United States, South Korea and China will also send warships to take part in the naval parade, the officials said.

During the Cold War period, the former Soviet Union was regarded by the self-defense forces as an adversary, and Vladivostok was the target of intelligence activities due to the location there of the Soviet Pacific fleet.

Kurama will leave its home port of Sasebo in Nagasaki prefecture, western Japan, on July 23. During its call at the Vladivostok port, it will also conduct communications training with the Russian navy.

The destroyer will return home Aug. 1.

Japan: Sakigake Chief Leaves for China for Talks With Leaders

OW0907035996 Tokyo KYODO in English
0250 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — New Party Sakigake leader Masayoshi Takemura left Tuesday for Beijing for talks with Chinese leaders on China's nuclear testing, Japan's economic aid and other issues.

Takemura and six other Sakigake lawmakers will meet with Chinese Communist Party chief Jiang Zemin and other leaders Wednesday [10 July], Sakigake officials said.

Takemura, a former finance minister, said his mission will seek an explanation about China's nuclear testing and stress the need for an early conclusion of the proposed Comprehensive Nuclear Test Ban Treaty.

As leader of one of the three ruling coalition parties, Takemura has been outspoken about China's nuclear testing and cautious about extending economic aid to China after it conducted a series of nuclear tests.

The other ruling parties are the Liberal Democratic Party led by Prime Minister Ryutaro Hashimoto and the Social Democratic Party chaired by former Premier Tomiichi Murayama.

After his trip to Beijing, the Sakigake officials said, Takemura will visit Inner Mongolia's Kubuqi desert on Thursday to participate in a tree-planting ceremony as part of what they called "environmental peacekeeping operations."

Tokyo Decides To Extend 60 Million Yen Flood Aid, Supplies to PRC

OW0907084396 Tokyo KYODO in English
0820 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Japan decided Tuesday to extend 30 million yen in emergency aid and another 30 million yen worth of supplies to China to help the country tackle damage from recent floods in southern provinces, a government spokesman said.

The government is speedily arranging the assistance, including the provision of tents and electric generators, in response to Beijing's official request, Chief Cabinet Secretary Seiroku Kajiyama told a press conference.

Heavy rains and subsequent inundation from June 27 through July 1 in Anhui, Zhejiang, Jiangxi and Guizhou provinces in southern China have claimed the lives of hundreds and caused huge damage to agriculture.

Japan: Government Adopts New Policy on Yen Loans to Asia

OW0907055496 Tokyo ASAHI SHIMBUN in Japanese 7 Jul 96 Morning Edition p 2

[FBIS Translated Text] The government will take a new approach in providing yen-based loans to help Japanese enterprises win orders for various private-sector construction projects in Asia. An increasing number of power generation plants, airports, and expressways are now built in this region.

Since the government cannot extend financial support to private sector projects, it decided to provide yen loans to related government projects. Two model projects have already been decided in Indonesia and Thailand. Seeing European companies actively advance in Asian countries with support from their own governments, Japanese companies are increasingly unhappy about their own situation. The government made this decision to ease such complaints.

These private-sector projects are called "private-sector vitalization infrastructure projects," in which the private sector, including foreign companies, take the initiative in infrastructure improvement — a task handled by governments in the past. Newly constructed facilities will be operated by private companies for a period of 20 to 30 years so that they can recoup construction cost from fees levied on the use of these facilities.

A dominant financial source in infrastructure improvement in Asia has been yen loans from Japan. However, when it becomes a private-sector project, it will no longer qualify for the yen loan provision. The tied yen loans have decreased since the 1970's because of criticism of Japan's "tied aid," in which orders had to go to Japanese companies only while European and U.S. companies were actively involved in new private-sector projects.

In one of the model projects, 2.8 billion yen in loans will be extended to the Indonesian Government's power-transmission wire construction project to connect Jakarta with a thermal power plant now being built in Java by Mitsui & Co., Ltd. and a U.S. power company. In Thailand, where subways have been built to ease traffic congestion in Bangkok, 27 billion yen will go to unprofitable government projects, such as tunnel construction, in this fiscal year. In this private-sector project combining railroad construction with subway operation, Japanese enterprises have the advantage in bids scheduled to open at the end of this year.

The new approach will be taken in private-sector projects in which orders are likely to go to Japanese enterprises. In addition to these two projects, some 20 cases are now being considered.

However, such an approach is likely to provoke the criticism that "it may lead to yen loans being tied to Japanese companies." The government, on the other hand, believes: "Criticism can be avoided as long as we obey a rule of untied loans in international competitive bidding because the receiver of the yen loans is indeed the government of a partner country." Stressing the fact that an international business consortium tends to be formed for large-scale projects, the government also intends to explain to the United States and Europe that "the new approach will not necessarily give the upper hand to Japanese companies."

Japan: Sources Say Frozen Beef Tariffs To Rise as 'Safeguard'

OW0607083596 Tokyo KYODO in English 0756 GMT 6 Jul 96

[FBIS Transcribed Text] Tokyo, July 6 KYODO — Japan will raise the tariff rate on imported frozen beef in August as a safeguard step against an import surge, government sources said Saturday.

The hike, from 46.2 percent to 50 percent, will be valid at least until the end of next March of this fiscal year, the sources said.

The government took a similar measure in July against an import surge for pork, raising its standard import price by 24 percent.

This resulted in higher retail prices of some ham and sausage products, but the possible impact on the retail prices of the higher frozen beef tariff will be probably modest, the sources said.

Under the safeguard rule of the Uruguay Round of multilateral trade agreement under the auspices of the General Agreement on Tariffs and Trade (GATT), a member country is allowed to slap an emergency tariff hike for beef imports if the cumulative import amount since the start of each fiscal year rises by more than 17 percent from a year before at the end of each quarter.

Japan's frozen beef imports shot up 58.6 percent to 95,881 tons in the April-May period after a safeguard measure, imposed last August, was lifted March 31, making it most likely that total imports in the April-June quarter will surpass the 97,244-ton threshold for the tariff raise, the sources said.

The Uruguay Round agreement calls for a phased reduction in beef import tariffs, from 48.1 percent in fiscal 1995 to 38.5 percent in fiscal 2000.

But the accord says the rate can be raised to 50 percent when a safeguard is invoked.

Imports account for more than 60 percent of Japan's beef consumption.

Japan: EPA Says Economy Still in 'Recovery Track'

OW0907015496 Tokyo KYODO in English 0110 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Japan's economy is still on the recovery track, the Economic Planning Agency (EPA) said Tuesday, adding that private-sector demand is taking over government spending as the engine behind the turnaround.

"The economy is still recovering, with private demand gaining strength," the agency said in a monthly report. "But the pace (of the recovery) is modest at the moment."

The assessment moved "a half step forward" from that the agency used from February to June, in which it simply said the economy is continuing to turn upward, albeit moderately, an EPA official said.

While noting a general trend toward a recovery led by consumer spending, capital investment and other private-sector demand, the official said it will take more time to confirm that the shift is complete.

"We will watch economic trends to see if the baton is relayed (from government spending to private-sector demand)," the official said.

The official cited severe employment conditions and a weak recovery in industrial production as causes for concern.

To ensure a sustainable, long-term recovery, the report called for maintaining an easy credit stance, taking steps to boost domestic demand and pressing ahead with economic structural reforms.

Financial markets have been sensitive about a possible hike in interest rates amid signs of recovery, notably an annualized 12.7 percent economic growth spurt in the January-March quarter.

The EPA said personal consumption and private-sector capital spending are both on a modest recovery track.

Small businesses, especially nonmanufacturing ones, have lagged behind other sectors in capital investment, but the agency now says it no longer sees any such lag, the official noted.

Housing construction is hovering at high levels, with May housing starts totaling an annualized 1.69 million units, according to the agency.

Meanwhile, although industrial output is on a moderate uptrend, the official said the increase lacks steam.

Production is forecast to grow a scant 0.3 percent in the April- June quarter from the previous three months after a 0.4 percent pickup in the January-March quarter.

Output growth is tepid in part because imports are stepping up their presence in Japan to fill an increase in domestic demand, the official said.

The slumping semiconductor market is also to blame for the slow increase, he noted.

Employment conditions also remain weak, with unemployment climbing to a record high 3.5 percent in May, the official said.

Exports gained 0.3 percent in may from a year earlier after falling 4.0 percent in March and 4.7 percent in April.

Integrated circuit exports — which had been declining in volume — picked up in May, the official said, adding the agency will monitor whether the increase continues.

Japan: EPA Notes Key Indicator of Corporate Capital Spending Drops

OW0907085696 Tokyo KYODO in English 0828 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Japan's benchmark machinery orders in may dropped a seasonally adjusted 5.2 percent from the previous month in reaction to large growth in April, the Economic Planning Agency (EPA) said Tuesday.

"But the fresh reading has not prompted a change in the agency's assessment that Japan's machinery orders are recovering moderately," an EPA official told reporters.

The key gauge — private-sector orders excluding those for ships and those from the volatile electric power sector — totaled 1,153.9 billion yen, the agency said.

The figure is the second highest since the economy entered a recovery path after hitting bottom in October 1993. The previous high was 1,217.2 billion yen registered in April this year.

"The latest data attest to a moderate recovery of corporate capital spending in Japan," which was also confirmed in the latest EPA economic outlook report released earlier in the day, the official said.

The official attributed the month-on-month drop of 5.2 percent to a reaction against the huge 26.7 percent surge in April, the biggest ever.

The April growth was traced to a single large-lot order of 100 billion yen from the nonmanufacturing sector.

"Had there not been such a huge order in April, the May figure could have risen by 5 percent," he said.

The official also estimated the key orders for the April-June quarter will rise by 14.4 percent, up from the initial forecast of 4.9 percent, if June orders reach the May figure, he said.

The key machinery orders are seen as an indicator of the trend of corporate capital spending for the following six to nine months, providing a barometer for the health of the nation's economy.

They have shown a month-on-month zigzag movement since January, though the year-on-year figure rose by 18.9 percent in may for the eighth straight month of increase, according to the agency.

Including orders for ships and from the electric power industry, total private machinery orders in may came to 1,365 billion yen, down 5.2 percent from the previous month.

Orders from manufacturers dropped 0.8 percent from April and those from nonmanufacturers by 6.9 percent.

Among 17 manufacturing industries surveyed, orders increased from nine, notably the paper and pulp sector with a 152.1 percent increase, and dropped in eight such as the chemical industry, which was down 31 percent.

Of 11 nonmanufacturing industries, orders rose in six and fell in five. The telecommunications industry and other computer-related orders were firm due to the industry's spending on digitalization, against a drop of 70 percent, for example, in the real estate industry.

"We cannot put off using the word 'mild' in our assessment of machinery demand recovery because almost half of the industries are still seeing order declines," said the EPA official.

Overall machinery orders, including those from the public sector, overseas and through agents, amounted to 2,327.5 billion yen, down 5 percent from the preceding month.

Public-sector orders totaled 393.9 billion yen, up for the second consecutive month by 17.4 percent, primarily due to large-scale computer orders from a government ministry, the agency said.

Overseas orders fell 1.2 percent to 488.5 billion yen for the fifth consecutive monthly drop, it said.

Orders through agents totaled 166.3 billion yen, increasing 17 percent from the month before.

Japan: EPA's Tanaka Seeks Extensive Economic Deregulation

OW0907095796 Tokyo KYODO in English
0930 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Economic Planning Agency (EPA) Director General Shusei Tanaka urged the government Tuesday to promote deregulation in five key economic areas, including the information and telecommunications market, government officials said.

The officials said Tanaka made the appeal in a personal proposal submitted to a ministerial meeting.

Tanaka stressed the need for Japan to carry out sweeping structural reform of the domestic economy, saying the time has come for the government to make a political decision to promote the process, the officials said.

The proposal singles out the five economic areas requiring deregulation as information-telecommunication, finance, labor, real estate and distribution, they said.

It contends that Japan lags far behind the United States in developing the advanced information and telecommunications market, making it urgent for the government to remove regulations, the officials said.

The proposal also says government protection of financial institutions has weakened their international competitiveness, stagnating the nation's financial market.

It calls for relaxation of regulations on property transactions and housing construction and structural reforms and deregulation in distribution and labor markets, the officials said.

Japan: Major Commercial Banks Readjust Shares of 'Jusen' Fund

OW0907015596 Tokyo KYODO in English
0054 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Six of Japan's 10 leading "city" commercial banks will make additional contributions to a planned fund to cover losses after the liquidation of seven failed housing loan companies but the remaining four banks will have their share reduced, financial sources said late Monday [8 July].

Sakura Bank, Fuji Bank, the Bank of Tokyo-Mitsubishi, Sanwa Bank, Sumitomo Bank and Dai-Ichi Kangyo Bank will contribute 61 billion yen each instead of the earlier planned 60 billion yen, the sources said.

The move reflects the decision to have the stronger banks shoulder more of the burden in setting up the 1,006 billion yen fund, which will cover losses expected to emerge in the process of trying to recover bad loans left after the liquidation of the "jusen" mortgage companies.

Meanwhile, the contribution from the less-strong banks will be made lighter, with Asahi Bank, Tokai Bank and [passage indistinct] to contribute 40.5 billion yen each instead of the earlier planned 42 billion yen, the sources said.

Hokkaido Takushoku Bank will contribute 18.5 billion yen, down from the initial plan of 20 billion yen.

As a result, the total contribution from the 10 banks will be unchanged at 506 billion yen, the sources said.

The Industrial Bank of Japan, the Long-Term Credit Bank of Japan and Nippon Credit Bank will contribute a total of 122 billion yen, unchanged from the original plan. But the contribution from each bank is expected to be adjusted according to its strength, in a way similar to that of the city banks, the sources said.

No change will be made in the plan to have seven trust banks contribute a total of 178 billion yen, 64 regional banks to contribute a total of 80 billion yen and 65 second-tier regional banks to contribute 30 billion yen.

Japan's four major brokerage companies will each contribute 10 billion yen and the life insurance industry will contribute 50 billion yen, the sources said.

Japan: Fuji Film To Purchase Wal-Mart Photofinishing Plants

OW0807235196 Tokyo KYODO in English 2313 GMT 8 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Fuji Photo Film Co. said late Monday it will buy six photofinishing plants and an accompanying distribution network from Wal-mart Stores Inc., the largest U.S. retailer.

The acquisition is expected to boost Fuji Photo's share in the U.S. photofinishing market to nearly 10 percent. Terms of the agreement were not disclosed. But Fuji Photo Film U.S.A. Inc., a U.S. unit of the Japanese photosensitive material maker, and Wal-mart said the deal includes a long-term photofinishing services agreement.

Industry analysts say the deal is valued at tens of billions of yen.

Wal-mart had been considering selling the plants to focus its resources on managing and improving its core retail business.

The retail giant, based in Bentonville, Arkansas, currently operates 2,252 discount stores and supermarket centers, and 433 Sam's Clubs discount shops across the United States, with a workforce of about 400,000.

For the business year ended in January, Wal-mart reported 93.6 billion dollars in overall sales.

The transaction will bring the number of Fuji Photo Film's photofinishing plants in the U.S. to 21, the Japanese company said.

Fuji Photo Film U.S.A. currently holds a 5-6 percent share of the U.S. photofinishing market and the purchase of Wal-mart's plants is expected to boost its share to nearly 10 percent.

With a workforce of about 1,000 at its headquarters, the U.S. subsidiary of Fuji Photo is capitalized at 22.5 million dollars.

"Rather than an acquisition, this is an extension of two growing companies joining together to provide our customers the best price, service and value in the photofinishing market," Fuji quoted David Glass, president and chief executive officer of Wal-mart, as saying. "We will work closely with Fuji film to ensure a seamless transition for the associates involved and our customers."

The deal will have no small impact on Fuji's archrival Eastman Kodak Co., which commands the lion's share of 70 percent in the U.S. photofinishing market, industry analysts say.

The two photo-film titans are at odds, with Kodak accusing Fuji photo of blocking foreign products in Japan through anticompetitive practices in conjunction with the Japanese Government.

Following a complaint filed by the U.S. with the World Trade Organization (WTO) last month, Japan and the U.S. will hold bilateral talks on the photographic film trade in Geneva on Wednesday and Thursday under the WTO dispute-settlement procedure.

Japan: Hino Plans To Begin Truck Engine Joint Venture in PRC

OW0907013696 Tokyo KYODO in English 0008 GMT 9 Jul 96

[FBIS Transcribed Text] Tokyo, July 9 KYODO — Hino Motors Ltd. plans to start producing truck engines in China as early as 1998 in a joint venture with China National Heavy Duty Truck Corp., a Hino spokesman said Tuesday.

Hino is the first non-Chinese company to launch joint truck engine production in China with a Chinese partner.

Based on Hino's state-of-the-art engine technology, the Japanese truck maker and the Chinese corporation will turn out 8000 cc diesel engines at an annual rate of 20,000 units, the spokesman said.

They have already completed a feasibility study and applied for Chinese government approval to begin engine production, he said.

"We're now waiting for Chinese approval," the spokesman said.

Upon approval, Hino and the Chinese partner will this year set up a joint venture company, which is to be more than 50 percent owned by the Chinese corporation.

Hino estimates its initial investment in the joint production at 10 billion yen, the spokesman said.

The Japanese truck maker will provide Hangzhou Automotive Engine Plant, a diesel engine manufacturer based in the city of Hangzhou, Zhejiang province, eastern China, with engine-manufacturing technology. The Chinese maker is affiliated with the Chinese partner in the joint venture.

In addition to mass production of 8000 cc diesel engines, the Chinese enterprise will introduce Hino technology for making engines of 5000 cc to 6000 cc, the spokesman said.

Annual demand for heavy-duty trucks in China is estimated at 300,000 vehicles — almost equal to Japan's domestic demand — and the market is projected to become the world's largest in the next century.

The deal between Hino and the Chinese truck corporation may develop into joint production of trucks in China in the future, the spokesman said.

Japan: Regional Impact of Hollowing Out of Industry Viewed

962A0078A Tokyo KINYU ZAISEI JIJO in Japanese 20 May 96 pp 32-33

[Article by Shigeyuki Aoki of Economic Planning Agency's Research Bureau: "Marked Phenomenon of Hollowing out of Manufacturing Industry in Urban Areas"

[FBIS Translated Text] In the context of the high yen's evolution, the problem of the so-called "hollowing out of industry" in the manufacturing sector has again begun to raise anxieties. It is the purpose of this article to clarify whether the phenomenon of industrial hollowing out has actually appeared in industry and in regional economies. In today's high yen situation, the hollowing-out phenomenon has been more marked in major cities and for such manufacturing industries as textiles, electrical equipment (relating to audio and home appliances) and general machinery.

What is the industrial hollowing-out phenomenon?

In the context of the recent high yen and so on, the problem of a so-called "hollowing out of industry" in which domestic production shrinks and employment problems are generated has again begun causing concern. Industry and business statistical indicators seem to back up these concerns. For example, industrial shipment totals and value-added totals have fallen for three consecutive years, and manufacturing firm closings have surpassed new business starts since 1991.

Here, "hollowing out of industry" is defined as follows: reductions in employment in manufacturing and its peripheral industries as a result of declines in manufacturing production through three routes—1) rising rates of import penetration, 2) falling export rates, and 3) an increase in offshore production—with the high yen as the major factor. Based on this definition, this article looks at the situation of our nation's manufacturing industry.

The weight of manufacturing's value-added totals in gross domestic product has consistently fluctuated around 25 percent over the past two decades. The same holds also for the number of manufacturing-industry employees in industry as a whole. And, according to Welfare Ministry estimates, the population in the productive age range is seen continuing to fall over the long term from the year 2000.

From such facts some people are of the opinion that either there is no "hollowing out" at all, or that the hollowing-out issue is nothing but a matter of a soft-landing for the coming declines in the working population. However, should existing manufacturing industries that have had the capacity to absorb employment lose that capacity, it is possible that employment problems will arise concentrated in regions where such industry is the mainstay. Furthermore, it is necessary to be aware that labor shifts between regions and industries would not go so smoothly due to things like age and skills, so that, viewed in micro terms, the problems would not be so simple.

Thus, when we use things like business statistics and national economic computations and look at the three routes of 1) the rising rates of import penetration, 2) dropping relative rates of exports and 3) a climbing relative rate of offshore production, a high correlation was seen between routes 1) and 3) and falling rates of employment.

Viewed by industry type, with the rising relative rates of 1) and 3), broad reductions in numbers of employees were seen in specific industry types such as textiles and electric equipment (relating to audio and household appliances) centering on home appliances. The auto industry and others in the main seem, at a glance, to have had but a slight rate of decrease. But in basic industries, such as metal casting, pressed products and metal forms, there have been double-digit decreases in the number of employees compared to 1991.

Employment Falling in Three Major Urban Zones

Thus, it is evident that the hollowing-out phenomenon has centered on specific types of industry and the peripheral industry types that support them. Yet, how about if this is viewed regionally? If one looks at the three major metropolitan areas and regional areas separately, the degree to which manufacturing employees contribute to rates of change in employment comes out as minus 1.6 percent in regional areas but minus 3.9 percent in the three major metropolitan areas. Their contribution to the decreases in metropolitan areas was greater. In the previous time of high-yen recession (1985-86), employement did not register negative growth. If we also look at shifts in per-capita value-added totals in industry statistical tables, in 1991-94 while it was rising overall in regional areas, one finds it was falling in all major metropolitan areas, namely the Kanto, Tokai, and Kinki regions. While shipment totals continued to fall in the major metropolitan areas even as employees were decreasing, declines in shipment totals did not keep pace with the decrease in value-added totals, leading to a drop in productivity overall. This indicates the severity of the status of industries in major metropolitan areas.

Further, when one also views the connection between employment decreases in manufacturing and employees in service industries, one finds an employment decrease of over 600,000 in the three major metropolitan areas, while the service industry increase is no more than 120,000. On the other hand, in regional areas, while manufacturing has had a decrease of about 150,000 persons, service industries have seen employment increase by some 180,000.

From this, one may say that under the current high-yen situation the phenomenon of hollowing out has emerged to a greater extent in the major metropolitan areas. When this is also viewed from the aspect of the unemployment rate, in regional areas the average 1992-94 unemployment rate still is less in all areas than the previous rate of 1985-87. However, the unemployment rate for the three major metropolitan areas is nearly comparable to the previous high-yen recession period. This may substantiate the fact that the effect in the three major metropolitan areas has been greater.

Effects of High Yen Differ by Industry Type, Enterprise Scale, Plant Location, etc.

Such differences between major metropolitan areas and regional areas may well be explained by the following three factors. First is the makeup of each area's industrial shipment totals. When this is analyzed, the weight of the shipment figures for industry types directly affected by the high yen is higher in major metropolitan areas than in the regional areas.

Second is the industrial structure due to enterprise scale in each area. On this point, the ratio of enterprises of 20 persons or less is greater in major metropolitan areas than in regional areas. That is because such broad-base industries as autos and electrical appliances are most numerous in the major metropolitan areas, resulting in subcontractors and keiretsu firms being clustered around them.

Third, although the ratio that exports have in ultimate demand is dropping, even when the degree of export dependency is viewed by region, that ratio is relatively high in such major metropolitan areas as the Tokai, Kanto, and Kinki. From such primary factors, it is believed that in the current high-yen situation the impact has been comparatively greater for major metropolitan area manufacturing.

As to why, conversely, regional area manufacturing has been comparatively unhurt this time, one can mention such points as, first, that since the previous high-yen recession period such material industries as iron and steel have gone ahead with employment adjustments such as large-scale consolidation of staff through rationalizations like closing plant lines and so on. One also can mention that, with bankruptcies and closings increasing in regional export-type producing areas, local enterprise has been making such adjustments accompanying business condition changes as switching to products to meet domestic demand.

Secondly, one can mention that since the 1980's the cumulative siting of plants in regional areas that has proceeded broadly, centered on leading-edge industries like those related to semiconductors, ties into the youthfulness of manufacturing in those areas. As a result regional areas in general have come to have an industrial structure not susceptible to being impacted by the high yen and the like.

As indicated above, in the present high-yen situation and due to such things as the industrial structure in each area and the accumulation of past plant sitings, the hollowing-out phenomenon is characterized by its generally showing up more markedly in major metropolitan areas.

Japan: Shinshinto's Hajime Funada Interviewed

962B0106A Tokyo SHUKAN GENDAI in Japanese 15 Jun 96 pp 34-37

[Interview with Hajime Funada by unnamed SHUKAN GENDAI reporter, time and place not given: "Laugh at Us as Dewdrops If You Will: A Declaration From Hajime Funada That He Is Saying Goodbye to Ozawa-Style Politics" first in a series of four exclusive interviews] [FBIS Translated Texts] Naoto Kan, Yukio Hatoyama and Hajime Funada seem to be this year's "trio who stir up Nagatacho." It is said that in addition to being "young" and "stylish," these three "have courage," so Nagatacho's criticism is even more severe. Among them, Funada, who is referred to as "juvenile delinquent A," was finally punished in Shinshinto [New Frontier Party]. Funada, who is in the midst of the storm, in the end told us his true intention for future activities.

"I Was Punished Because of a Hypothetical Discussion"

The situation is critical for the personal position of Diet member Hajime Funada (42 years old) of Shinshinto. In an address to the Japan Commentators Association on 22 May, Funada, who is deputy chairman of Shinshinto's Executive Council, stated: "The term new party and the thing itself, may emerge as an extension of talks with Yukio Hatoyama. There is ample possibility of that." On the following day, the 23d, this statement of Funada became an issue at Shinshinto's Executive Council and, in fact, Funada was removed from the position of deputy chairman. The public and Nagatacho are already astir with the question of whether a "Hato-Funa new party" will be born.

Funada, who is in a whirlpool, earnestly revealed to SHUKAN GENDAI his real intentions concerning "the truth about his removal from office" and "the strategy of a Hatoyama-Funada new party."

[SHUKAN GENDAI] Your statement of 22 May is causing great repercussions. May we take it that the birth of a Hatoyama-Funada new party is already only a matter of time?

[Funada] No, the nuance is slightly different. At least two-thirds of that address was talked about how to reform Shinshinto. In short, I told them that Shinshinto is very murky in terms of chemistry. That it is very difficult for everyone's opinion to reach the executive, but that we can fix this if we want to. If we unite the strength of the many young Diet members and leading Diet members, there is no way that the rate of support from the public will be low.

Next, in the remaining less than one-third of the time, I said that if worse came to worst and there was no leeway for party reform, at that time there would also be the option of a new party.

[SHUKAN GENDAI] But there was also the statement: "40 to 50 people would be necessary" which went into it in considerable detail, as though you were planning the outline of the new party.

[Funada] I answered strictly as a hypothetical discussion. But it was reported leaving out the "if" and "worse came to worst" parts, so at the Executive Council meeting it was pointed out as "conduct and speech inappropriate for an executive." But for my part, I disagree. For example, even in economic circles people consider worst-case situations.

One strives and discusses to keep the worst-case situation from occurring, but after all, one must consider in advance that there are also other means when things do not work.

[SHUKAN GENDAI] Are you saying, in short, that you made that statement on the premise of what to do if reform within the party were not possible?

[Funada] Yes. Moreover, everyone is saying more or less the kind of things that I said. For example, when party leader (Ichiro) Ozawa was visiting China (2-12 May) he spoke of the future and spoke hypothetically, saying: "We will go with the framework of Shinshinto until the next general election, but after that is not clear." And "If the LDP becomes an independent minority government, we will cooperate with it outside of the cabinet." Why is that not made an issue, and the treatment different for me alone? I think this point is a bit strange.

[SHUKAN GENDAI] What is the reason that you alone were punished? You have been criticized by Executive

Council chairman Kozo Watanabe to the point of saying "actions which benefit our opponents, a hindrance."

[Funada] Before this as well, I have consistently made statements from the viewpoint that we must make the chemistry of the party flexible, must make it into a political party which can make more realistic responses.

I also opposed it when, on 1 January of this year, a plan was put out that all Diet members of Shinshinto resign en masse at the presentation of the government's budget proposal which includes disposition of the jusen losses. In March, when the sit-in went beyond one week, I said here and there that if we dragged it out any longer public opinion would not go along with it. But I suspect they may have taken it as though I was obstructing their work all the more so, because this is a time when the chairman of the Executive Council and others are laying groundwork, trying to have harmony within the party.

Ozawa's Close Associates Reign Supreme

[SHUKAN GENDAI] You say that for the present, your objective is party reform; what problems does Shinshinto have?

[Funada] First of all, there is little debate within the party. To be sure, Shinshinto has venues for debate called the executive and the Executive Council. But the time is very limited, and it is only explanation from above; there is very little substantive debate. Particularly in regard to important matters, things which have already been decided come down from above, and they end with only reports.

For example, the government party-opposition party statement of agreement when passing the jusen budget in the lower house was typical. Even Diet members have not the faintest idea of where that was decided and how. Before one knew it, it came down from above, and we were directed that: "this cannot be changed any more," so everyone was amazed.

[SHUKAN GENDAI] How is it compared with the LDP?

[Funada] Three years ago I left the LDP, and as someone who has spent the time since then in a non-LDP position, I do not want to evaluate the LDP. In regard to political reform also, it made no move to carry it out, in spite of there being the demand of the nation's public opinion. It had no idea of doing something new. But the LDP's Executive Council debates actively. People say painful things, and having done that, when they settle things they are settled. We should create an environment in which at least one-half as many debates as that are possible in our party too.

[SHUKAN GENDAI] In addition, there is also the criticism, is there not, that: "Within Shinshinto, the four fools of Ozawa's close associates, Toshihiro Nikai, Norio Hirano, Kenji Yamaoka, and Taiichiro Nishikawa are ruining the party."

[Funada] I do not want to say too much, but problems remain, as might be expected. If the persons called Ozawa's close associates were liaison between the party leader and party officials and executives, or Diet members, or if they were fulfilling a role like that of lubricating oil, it would be very effective. But in fact such people actually decide things. They are speaking themselves and saying it is the words of party leader Ozawa.

There is also the problem of the nontransparency of accounting.

[SHUKAN GENDAI] In Shinshinto at the end of last year, there was criticism of the executive: that the amounts spent for stipend by the upper house and lower house were different, or what happened to the balance remaining from the 1,000 yen voting in the election for party leader? And also at the time of Ozawa's visit to China, the use of a chartered aircraft which was said to have cost 30 million yen was also criticized.

[Funada] Even taking the single question of the chartered aircraft, there are many people within the party who ask "What, why (does he do something so extravagant)?" Therefore, the executive should do things a bit more openly.

Hatoyama Appeals to My Maternal Nature

[SHUKAN GENDAI] It seems to me that party leader Ozawa's policy and leadership are at the root of the problems which you pointed out now. As a former close associate of Ozawa, how do you see him?

[Funada] Concerning political principles or policy principles, as might be expected, he speaks very clearly and presents principles. In that point, the part that he is a politician worthy of respect has not changed even now.

However, if Ozawa alone holds such princples or ideals, they will be very difficult to realize. It is necessary to transmit them to those around him and to comrades, and if their opinions differ, it is necessary to engage them in dialogue and persuade them.

But he is very lacking in that part. He sometimes says in desperation: "if you do not like it you do not have to come along." As might be expected, that is not good.

[SHUKAN GENDAI] Speaking in that sense, the Ozawa-style political method is to go on having confrontations, correct?

[Funada] I think that, after all, he must say goodbye to the doctrine of secrecy and the style of operating without debate.

[SHUKAN GENDAI] Ozawa also appears to be positive toward talks with Prime Minister Ryutaro Hashimoto and to be aiming at a conservative-conservative alliance. Would you comment on that?

[Funada] As one who has been in a non-LDP position for the last three years, I feel an indescribable sense of powerlessness and loss of strength. But a conservative-conservative alliance is nothing more than sentimentalism. I cannot imagine it possible for a conservative-conservative alliance to create a stable government and that government to improve Japan.

[SHUKAN GENDAI] You stated in the address that a new party with Hatoyama would also be possible if reform of Shinshinto did not work out. How do you see the politician Hatoyama?

[Funada] He has an unusual personality in which, on the one hand, decisiveness and boldness, and on the other, delicacy and subtlety, dwell together. The point of saying without embarassment, such things as "politics is love" or "I am prepared to resign," is, as might be expected, the new generation. But if Hatoyama dashes along at top speed like that, there is no telling where he will end up going. Therefore, I want to help him somehow. I am a man, but something about him appeals somehow to my maternal nature (laughs).

[SHUKAN GENDAI] But there is a gap between you as realistic political partners. For example, Hatoyama is cautious regarding exercising the right of collective security. And he is also advocating a cautious approach on the question of Japan becoming a permanent member of the United Nations Security Council, so nothing meshes with you.

[Funada] In regard to excercising the right of collective security, I do not think it can be done as party leader Ozawa says by interpretation of the present Constitution. But I want to appeal to people to revise the Constitution in such a way that it will be possible to exercise that right in the future. In regard also to gaining permanent Security Council membership, I am thinking in a positive manner that now (when the limit of permanent council members will increase) is the chance, and only now. My idea is that we should talk about arms reduction after becoming a permanent council member. Hatoyama differs from me on that point also; his favorite argument is that we should join after first reforming the Security Council. In that sense, Hatoyama and I are two extremes. But if we are to create a new party, we should form the party with enough backbone to cover the people who are the two extremes and people between those two extremes.

"If You Are Going to Do It, Aim for a Second Force Power"

[SHUKAN GENDAI] Is it not true that Hatoyama is planning a liberal third force power of people of like mind who agree on political principles, and that you differ from him quite a bit on that point as well?

[Funada] I think that to say from the beginning that one is creating a third force power is defeatism. One cannot help it if the result is a third force power, but if one aims at a new party, even if the first force power is presumptuous, it will not work unless one has at least the will to create the second force power. If you consider that, numbers are important, as might me expected. One must make it something which can tolerate not only Hatoyama's kind of purity, but something a bit broader, which can tolerate the opinions of all sorts of people. At the address I said, half jokingly: "not a Hatoyama new party but a Hato-Funa new party" partly in the sense of restraining Hatoyama and his group. Minister for health and welfare Naoto Kan is showing the will to merge with a new party, and Social Democratic Party leader Tomiichi Murayama is also sending signals indicating interest. But in that case it is because it is different from my image of a new party. I am strictly a new conservative. The core is a conservatism which goes on reforming.

[SHUKAN GENDAI] Hatoyama's stock argument is to form the new party before the general election and appeal to the nation for confidence in the election. How about that point.

[Funada] Certainly it is probably so as theory. But if we acted before the election, there would probably be some people who could win election if they were in Shinshinto but would no longer be able to win election if they left the party. Therefore, we cannot do that.

[SHUKAN GENDAI] In the present situation, how many Diet members would act with you if you formed a new party before the general election?

[Funada] I am not laying the groundwork, and if I started something now, to tell the truth it would probably be four or five.

[SHUKAN GENDAI] At his own birthday party on 27 May, former Prime Minister (Yasuhiro) Nakasone made fun of you, did he not, saying: "(both Hatoyama and Funada, coming from political dynasties) have aristocratic tastes" and: "will vanish when the sun comes out, like dewdrops."

[Funada] Former Prime Minister Nakasone also had a stronger longing for aristocracy and such things than we did. Compared with that, I, for one, am hardly concerned with such things. In any case, the present coalition government, too, continues to put off pending problems and is not doing anything new. With things going as they are, Japan will not improve. In the future I want to build a stable government. Even if we cannot gain governing power, I want to build a political force which can give the nation a sense of security that this is an opposition party it can trust. In order to do that, I want to strive on reform of *Shinshinto*.

Now I am purely a common soldier. Because I have no rank at all, contrary to what one might expect, it has become easier to say things. But it will be troublesome if I say too much and am expelled (laugh).

North Korea

DPRK: UK Communists Demonstrate Before U.S. Embassy in London

SK0907085796 Pyongyang KCNA in English 0839 GMT 9 Jul 96

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — British communists and other progressives held a demonstration in front of the U.S. Embassy in London on June 25, denouncing the continued U.S. aggression and military threats to the DPRK.

The demonstration, organised by the British Association for Friendship with Korea, was attended by members of the New Communist Party of Great Britain, the Britannic Communist Party and the British Labour Party and other personages.

The demonstrators shouted slogans with placards reading "U.S., out of Korea," "End to lifeline of U.S. and South Korean puppets" and "Right to self-determination for Korean people."

DPRK Olympic Team Departs Pyongyang To Participate in Games

SK0907090196 Pyongyang KCNA in English 0853 GMT 9 Jul 96

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — A DPRK Olympic team headed by Han In-kun, vice-chairman of the State Physical Culture and Sports Commission and chairman of the League of Sports Technics, left here today to participate in the 26th Olympic Games to be held in the United States.

DPRK: ROK Student Federations Declare Struggle Against U.S.

SK0907085496 Pyongyang KCNA in English 0834 GMT 9 Jul 96

["Joint Struggle for Peace Against U.S. Declared" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — More than 700 students of the Kwangju and South Cholla Provincial Federation of University Student Councils (Namchongnyon) reportedly held a rally at Chosun University in Kwangju to declare a joint struggle of the North Phyongan Provincial Student Committee-Namchongnyon under the National Alliance of Youth and Students for the Country's Reunification for Peace of the Country and Great Unity in a month of peace against the U.S.

At the rally they made public a resolution jointly with the North Phyongan Provincial Student Committee in the northern half of Korea and held that all military manoeuvres should be stopped to prevent an armed conflict in Korea and the United States should sign a peace agreement with the DPRK.

DPRK: Dailies Denounce ROK's Arrest of Student Leaders

SK0507044896 Pyongyang KCNA in English 0424 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — The Kim Yong-sam group arrested a student of Yonsei University Kim Chong-un, chairman of the National United Students and a Songgyunkwan University dropout Kim Chong-tu, former chairman of the organisation, on the charges of violating the "National Security Law".

Their atrocity comes under fire in papers here today.

NODONG SINMUN in a signed commentary says that the Kim Yong-sam fascist clique's continued apprehension of the students who conducted just activities in accordance with the will and desires of the South Koreans brings into bolder relief their true colors as vicious tyrants who are forsaken by the people and consider fascist suppression almighty.

It is foolish for the Kim Yong-sam group to try to find a way out in brutal suppression of students and other patriotic, pro- reunification and democratic forces, the paper says, adding that suppressive politics will only precipitate their self-destruction.

MINJU CHOSON in a signed commentary says:

The Kim Yong-sam group's intensified suppression of patriotic students is their last-ditch effort to maintain their "civilian- veiled government", but it is a foolish act.

DPRK: Party History Institute Delegates Return From PRC

SK0407011896 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 1 Jul 96

[FBIS Translated Text] On 30 June, a delegation of the Party History Institute of the Workers Party of Korea Central Committee, led by Kang Sok-sung, the director of the Party History Institute, returned home by train after visiting the PRC.

DPRK: Kang Song-san Sends Condolences to Li Peng Over PRC Floods

SK0807094296 Pyongyang KCNA in English 0926 GMT 8 Jul 96

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Premier of the Administration Council Kang Song-san sent a telegram of condolence to Li Peng, premier of the State Council of China.

"Upon receiving the news that great human and material losses were caused by recent heavy rains in some areas of China, I express deep condolence and sympathy to you and, through you, to the Chinese Government and the flood victims," the telegram said.

It expressed the belief that the Chinese people would heal the damage at an early date and stabilize the life of the people in the afflicted areas under the leadership of the Communist Party and the government of China headed by respected Comrade Jiang Zemin.

DPRK: Vice-Premier-Led Friendship Delegation Leaves for China

SK0907090296 Pyongyang KCNA in English 0852 GMT 9 Jul 96

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — A Korean friendship delegation led by Kim Yun-hyok, vice-premier of the DPRK Administration Council, left here today to visit China at the invitation of its government.

The delegation was seen off at the airport by Chong Mun-san, secretary of the Administration Council, Choe U-Chin, vice-minister of foreign affairs, and Qiao Zonghuai, Chinese ambassador to the DPRK.

DPRK: 20th Anniversary of Support Body in Japan Marked

SK0407084696 Pyongyang KCNA in English 0800 GMT 4 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 (KNS-KCNA) — A meeting was held in Tokyo on June 27 to mark the 20th anniversary of the formation of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea.

Its chairman Akira Iwai in his address at the meeting recalled that the committee has striven to accelerate the reunification of Korea and strengthen the Japan-DPRK friendship in the past.

He expressed the belief that the Korean people, closely rallied behind His Excellency Kim Chong-il, would successfully surmount ongoing temporary difficulties in spite of the smear propaganda of the reactionaries at home and abroad and last year's flood damage. The meeting adopted a letter asking Japanese Prime Minister Ryutaro Hashimoto to work for an early establishment of diplomatic relations between Japan and the DPRK.

It demanded that the Japanese Government atone for the sufferings Japan imposed upon the Korean people for many years in the past, establish friendly relations with the DPRK and give a helping hand to the Korean people so that they could realise their cherished desire.

Hiroshi Wakabayashi, secretary general of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea, called an interview with CHOSON SINBO, a newspaper of the General Association of Korean Residents in Japan.

He stressed that the committee would strive to develop its activities into a mass movement, the movement for a united front.

DPRK: Japanese Prime Minister's Remarks on 4-Way Talks Decried

SK0507103796 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 4 Jul 96

[Commentary by Kim Ho-sam: "Useless Intervention"]

[FBIS Translated Text] At the talks of the heads of state of seven Western countries held recently in Lyon, France, Japanese Prime Minister Hashimoto uttered absurd remarks meddling in our affairs. At a news conference following the talks he preposterously said that the world should be interested in realizing the so-called four-way talks for peace and security on the Korean peninsula and that European countries, too, should be interested in the Korean Peninsula Energy Development Organization [KEDO].

Indeed, these are dull remarks by which he pokes his nose into others' affairs. We have neither asked the Japanese Government to help realize the four-way talks, nor have we asked it to provide assistance for the KEDO's business.

Nevertheless, uttering these remarks that try to meddle in another country's affairs like a bolt from the blue, is precisely an indiscreet, thoughtless, and shameless act.

These days, whenever an opportunity presents itself, Japan sits face to face with the South Korean puppets and babbles about realizing new cooperative relations and the like. Thus, Japan is repeating traitor Kim Yong-sam's gibberish that North-South dialogue should precede improvements in DPRK-U.S. and DPRK-Japan relations. Japan also repeated such gibberish by traitor Kim Yong-sam even at the Hashimoto-traitor Kim Yong-sam talks held recently on Cheju Island.

Such an act by the Japanese prime minister is entirely an unjust act and an expression proceeding from Japan's hostile policy toward our Republic. In other words, it cannot be interpreted as anything other than the [word indistinct] of Japan's diplomacy, which has no independence and which is bent on currying favor with the traitor Kim Yong-sam, who is frantically trying to impose international pressure on our Republic.

Such a diplomatic attitude will bring about only failure and bitterness.

Let us speak of his remarks relating to the four-way talks first. As has been reported, the four-way talks were proposed by U.S. President Clinton when he visited Cheju Island, and present a process for a so-called peace on the Korean peninsula. This proposal has only an outline, but no details. So, at that time we asked the United States to explain this proposal in detail in order to grasp its motive and find out if there is any insidious intention in it and if it is really realistic.

After that, however, the South Korean puppets waged a pan-handle diplomacy, prowling about the world for the realization of the four- way talks.

Hashimoto is going along with such a pan-handle diplomacy farce by the puppets. What is really something to see is that Japan is on the list of countries in the four-way talks. Nevertheless, the uninvited guest, who is not on the list of countries in the four-way talks, is talking about this and that, as if he were master of the talks. This is indeed indecent.

Speaking of the four-way talks, they are not the ones that Japan can put up or meddle in. The talks cannot be held through pressure from outside forces, either. The talks are a problem that only the parties concerned should determine and solve sanely. We will also actively cope with the talks, standing on our position.

Japan should not take the [words indistinct] arrogant and insolent act of meddling in everything without distinguishing between where it should sit and where it should not sit.

Speaking of Hashimoto's remarks urging European countries to pay attention to KEDO, the issue of KEDO is an issue that should be discussed between our country and the United States, and Japan has no justification whatsoever for meddling in this.

KEDO was organized pursuant to the DPRK-U.S. agreed framework signed on 21 October 1994, and pursuant to the Kuala Lumpur talks between us and the United States in May and June 1995 and other experts' talks between the DPRK and the United States, the KEDO has been pushing ahead with work according to its plan and timetable.

Therefore, there is no reason whatsoever for Japan, which is not a country leading KEDO, to say this and that. This is also ridiculous. Also, remarks that the North-South issue should precede the improvement of DPRK-U.S. and DPRK-Japan relations are not ones that Japan can utter. Today, we still maintain the position that the North-South issue should be solved through dialogue and negotiations. Now, who on earth is blocking and freezing this issue and hindering it by all means? It is none other than traitor Kim Yong-sam.

It is preposterous to ask us to sit face to face and hold talks, leaving the National Security Law, which has defined us as the enemy, as it is.

Before talking about the precedence of North-South dialogue and the like, Japanese authorities should first urge the traitor Kim Yong-sam to abolish the National Security Law. In view of this, we can interpret that Hashimoto is playing the role of an out-and-out spokesman for traitor Kim Yong-sam, a political prostitute, in the international arena. This is precisely the real situation in the diplomacy of Japan, which is seeking to become a big power in international politics. Neither a political (?philosophy) nor an independent diplomacy can be expected in this.

It is by no means accidental that some world press organs considered Japan — which has tried to read the puppets' minds and to curry favor with the puppets in dealing with international affairs — as a political dwarf. If Japan wants to seek its own national interests it should renounce the act of playing the role of spokesman for the South Korean puppets and should wage independent politics and independent diplomacy, both in name and reality.

It is a due reason that as long as Japan proceeds down the pro- South Korea road as seen now, the improvement of DPRK-Japan relations cannot be expected, Japan cannot enjoy support from the world's people, and it cannot ever become a big power in politics.

DPRK: WPK CC Sends Greetings to Vietnamese Leader Do Muoi

SK0307124596 Pyongyang KCNA in English 0851 GMT 3 Jul 96

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — The Central Committee of the Workers' Party of Korea [WPK CC] sent a message to Do Muoi today upon his re-election as general secretary of the Central Committee of the Communist Party of Vietnam.

The message says his re-election as general secretary is a token of deep trust in him of the party members and other people of Vietnam.

It expresses the belief that bilateral relations of friendship and cooperation between the parties and peoples of Korea and Vietnam will further strengthen and develop.

DPRK: Hwang Chang-yop-Led WPK Delegation Returns From SRV

SK0607041496 Pyongyang KCNA in English 0339 GMT 6 Jul 96

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — A delegation of the Workers' Party of Korea [WPK] headed by secretary of its Central Committee Hwang Chang-yop returned home on July 5 after participating in the 8th congress of the Communist Party of Vietnam.

It was met at Pyongyang Railway Station by Hyon Chun-kuk, director of a department of the WPK Central Committee, Nguyen An Chuy, charge d'affaires ad interim of the Vietnamese Embassy, and Qiao Zonghuai, Chinese ambassador to Korea.

DPRK: Malaysian Government Delegation Returns Home

SK0407141696 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 2 Jul 96

[FBIS Translated Text] The Malaysian Government technological and economic delegation headed by Siti Zainab Datuk Sheikh Abu Bakar, deputy minister of primary industries, returned home on 2 July by plane. Kim Tong-myong, vice chairman of the State External Economic Affairs Commission, bade farewell to the delegation at the airport.

During its stay, the delegation visited Mangyongdae, the sacred place of the revolution, and other places in Pyongyang and local regions including the Tower of the Chuche Idea, the Arch of Triumph, the Three Revolutions Exhibition Hall, the Grand Study Hall of the People, the International Friendship Exhibition Hall, and the West Sea Barrage.

DPRK: Yang Hyong-sop Sends Message to Czech Parliament Speaker

SK0507084296 Pyongyang KCNA in English 0823 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly, sent a message of greetings to Milos Zeman upon his election as speaker of the Czech parliament.

The message expressed the belief that the relations between the two parliaments would develop on good terms and wished him success in his work.

DPRK: Friendship Gathering Held on Independence Day of Algeria

SK0407032196 Pyongyang KCNA in English 0315 GMT 4 Jul 96

[FBIS Transcribed Text] Pyongyang, July 4 (KCNA) — A friendship gathering was held at Korea-Algeria Friendship Kang Pan-sok University for the Bereaved Children of Revolutionaries in Pyongyang on July 3 on the occasion of the 34th anniversary of the independence of Algeria.

Invited there were Algerian Ambassador to Korea Hanafi Oussedik and an embassy official.

The participants saw an Algerian documentary film and an art performance.

DPRK: SPA Delegation Led by Yang Hyong-sop Returns 3 Jul

SK0407032396 Pyongyang KCNA in English 0313 GMT 4 Jul 96

[FBIS Transcribed Text] Pyongyang, July 4 (KCNA) — A delegation of the Supreme People's Assembly [SPA] of the DPRK headed by its chairman Yang Hyong-sop returned home on July 3 after visiting Latin American countries.

It was met at the airport by Paek In-chun, vice-chairman of the SPA.

DPRK: Bangladesh Politician Comments on DPRK Visit, Two Kims

SK0307130596 Pyongyang KCNA in English 0845 GMT 3 Jul 96

[FBIS Transcribed Text] Pyongyang, July 3 (KCNA) — Garib Newaz, president of the Bangladesh People's

League, giving his impressions of Korea, said that it is the honor of Korea to be led by Comrade Kim Il-song and Comrade Kim Chong-il, the two peerlessly great men produced by the 20th century, and socialist Korea would shine brighter for centuries.

During his stay in Korea, he could witness that noble traits of firmly trusting and following the Great Leader Comrade Kim Il-song as the mental pillar and the sun of life were prevalent in Korea, he said, and continued:

The Workers' Party and people of Korea remain loyal to their leaders and uphold their exploits no matter how the world may change.

Comrade Kim Il-song is so great that no such man can be seen ever in myth or legend.

When he was alive, he was highly respected by the world people. Even after his death, he is immortal in the hearts of humankind.

The tremendous change of Korea is a product of the great politics of Comrade Kim Il-song.

He was the most veteran statesman on our planet and an elder of the world politics.

The chuche idea, the guiding idea of the WPK, and the singlehearted unity of the leader, the party and the masses were achieved by Comrade Kim Il-song in his lifetime.

In particular, the perfect solution of the problem of successor is the greatest of his exploits.

It is thanks to this great exploit that the WPK has not vacillated but has grown stronger even after he passed away.

The great Comrade Kim Chong-il is wisely leading the WPK by fully inheriting all aspects of Comrade Kim Il-song's politics.

Comrade Kim Chong-il is a peerlessly brilliant commander who is defending and glorifying Korean-style socialism with outstanding and seasoned leadership and he is the symbol of the victory of the Korean people.

As the world people praise, Comrade Kim Chong-il is the greatest man who has performed undying exploits which could not be made by any renowned great men recorded in history.

DPRK: Kim Chong-il Thanks Soldiers for Work on Power Station

SK0507084896 Pyongyang KCNA in English 0807 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], on July 2 thanked the KPA soldier-builders mobilized in the construction of the Kumgangsan Power Station for their feats in building dams of the power station and completing the project of a 40-km-long waterway tunnel through the full display of the high revolutionary spirit of soldiers and mass heroism.

The soldier-builders on Wednesday held a meeting at the construction site and renewed their resolution to repay the thanks with loyalty.

Speakers at the meeting stressed that the respected supreme commander, who put them forward as performers of feats and heroes of the era for their completion of the world-level project of grand nature transformation, is the father of all the KPA soldiers, indeed.

The soldier-builders made up their minds to accomplish the next- stage project in a short span of time, by displaying the high revolutionary spirit of soldiers and matchless devotion, true to the great trust and expectation of the supreme commander.

They noted that in the second-stage project of the construction, which is very grand and difficult, they will get over all the obstacles to make new innovation with the wisdom, courage and indomitable spirit given by the great General Kim Chong-il.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

DPRK: Soldiers, Builders React to Kim Chong-il's Telegraph Order

SK0507121096

[FBIS Report] The following is a compilation of reports on the reactions of workers and soldiers mobilized to construct the Kumgangsan Power Station upon receiving Kim Chong-il's telegraph order thanking them.

Pyongyang Korean Central Broadcasting Network in Korean at 1200 GMT on 4 July carries a three-minute report on how workers are overwhelmed by Kim Chong-il's telegraph order. Pak In-sun of the Construction Command Department of the Kumgangsan Power Station, states: "The construction of the Kumgangsan Power Station is a fierce battle against nature that faces ceaseless difficulties, but our builders have taken on this project with honor, and finally created the miracle of reforming nature." He adds: "The respected and beloved general's telegraph order has greatly encouraged all builders of the Kumgangsan Power Station. We firmly pledge to concentrate all our fire power on expediting the next phase of construction."

Pyongyang Korean Central Broadcasting Network in Korean at 2100 GMT on 4 July carries a two-minute report on the meeting of soldiers mobilized for construction, convened to express their resolve to repay Kim Chong-il's thanks with loyalty, held on 3 July. The report lauds the soldiers' achievements, then introduces the attendees, who were headed by Lieutenant General An Pi-tuk. The report notes that Kim Chong-il's telegraph order was read at the meeting amid the enthusiastic applause of the soldiers, then reports that attendees adopted a pledge letter to Kim Chong-il.

The same newscast carries a four-minute report on the resolve of the soldier-builders to repay Kim Chong-il's trust and love with loyalty. The report carries interviews with officers. General- grade officer Song Kwi-nam states: "Our soldiers were able to successfully complete the world-class nature reform project thanks to the unrivaled courage and great leadership of the respected and beloved supreme commander." Officer Pyon Yong-il states: "We were able to build the 100-ri canal because we had the iron faith that as long as the respected and beloved supreme commander General Kim Chong-il leads our revolution, we could move the mountain and fill the sea." Officer Pak Hyon-su states: "I firmly pledge to unhesitatingly lay down my life on the road to implementing the general's order."

Pyongyang Korean Central Broadcasting Network in Korean at 2200 GMT on 4 July carries a three-minute report on the construction workers' joy of receiving Kim Chong-il's order. Paek Nam-hun, chief engineer of the Hydroelectric Power Equipment Assembling Complex, states: "The Kumgangsan Power Station is a precious fruition of the wise leadership and sleepless efforts of the respected and beloved general." Kim Son-bang, unit chief of the No. 2 Hydroelectric Power Station, states: "I pledge to repay the ocean-like benevolence of the respected and beloved comrade supreme commander with continuous innovations and advance in the construction work."

DPRK: Kim Chong-il Sends Gifts for Historic Preservation

SK0507034896 Pyongyang KCNA in English 0303 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — The great leader Comrade Kim Chong-il sent gifts to Kim Myong-hui, Kim Kyong-hui and Kim Song-ok, students of Yonha Senior Middle School in Sinuiju, North Pyongan Province, and their families who are actively helping preserve historic places of revolution.

A ceremony for conveying the gifts was held on the spot on July 2.

DPRK: Kim Chong-il Thanks Unha Trading Bureau, Bookkeepers

SK0607040996 Pyongyang KCNA in English 0337 GMT 6 Jul 96

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to officials and working people for highly displaying the traditional traits of army-people unity.

Among them are officials and employees of the Unha Associated Trading Bureau, those in Pyongyang who made distinguished service in the anti-Japanese revolutionary struggle, bereaved families of revolutionary martyrs, their children, members of a party cell of the financial book-keeping section of the Pyongyang Department Store No. 1, Cho Kyong-ok, secretary of the primary party committee of the Tongdaewon District, Pyongyang, restaurant management office, and Kim Chu-ok, a hairdresser of the Potonggang district, Pyongyang, welfare service office.

DPRK: Kim Chong-il, Other Leaders Pay Respects to Kim Il-song

SK0807092596 Pyongyang KCNA in English 0911 GMT 8 Jul 96

["Comrade Kim Chong-il Pays Respects to President Kim Il-song" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, accompanied by senior party and state officials, visited the Kumsusan Memorial Palace and paid his respects to the great leader President Kim Il-song on the morning of July 8, the supreme memorial day of the nation.

Comrade Kim Chong-il entered the hall where President Kim Il- song's statue stands.

He was accompanied by Vice-Presidents of the DPRK Yi Chong-ok, Pak Song-chol and Kim Yong-chu, Politburo members of the Workers' Party of Korea [WPK] Central Committee; Vice-President of the DPRK Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party; Minister of the People's Armed Forces Choe Kwang and Vice-Premier of the Administration Council Kim Yong-nam, Politburo members of the WPK Central Committee; Kye Ung-tae, Chon Pyong-ho and Han Song-yong, Politburo members and secretaries of the C.C. [Central Committee], the WPK; Marshal of the KPA Yi Ul-sol; Vice Marshal of the KPA Cho Myong-nok, director of the KPA General Political Department; Vice Marshal of the KPA

Kim Yong-chun, chief of the KPA General Staff; alternate Politburo member of the WPK Central Committee Kim Chol-man; Choe Tae-pok, alternate Politburo member and secretary of the C.C., the WPK; Yang Hyong-sop, alternate Politburo member of the C.C., the WPK and chairman of the Supreme People's Assembly; Hong Song-nam and Choe Yong-nim, alternate Politburo members of the C.C., the WPK and vice-premiers of the Administration Council [AC]; Hong Sok-hyong, alternate Politburo member of the C.C., the WPK and chairman of the State Planning Commission; Kim Ki-nam, Hwang Chang-yop, Kim Chung-nin and Kim Yong- sun, secretaries of the C.C., the WPK; Kim Pok-sin, Kim Yun-hyok and Chang Chol, vice-premiers of the AC; Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; Yun Ki-pok, chairman of the Economic Policy Commission of the Central People's Committee; Vice Marshals of the KPA Kim Kwang-chin, Paek Hak-nim, Kim Ik-hyon and Yi Ha-il; Yu Mi-yong, chairperson of the C.C., the Chondoist Chongu Party; Kim Song-ae; and members and alternate members of the WPK Central Committee, leading officials of the party and power bodies, administrative and economic organs and public organisations, and KPA generals.

Put on the either side of the statue were flags of the WPK and the DPRK and the KPA colors.

The honor guards of KPA three services presented arms, looking up to the statue.

Laid before the statue was a floral basket in the joint name of the WPK Central Committee, the WPK Central Military Commission, the DPRK National Defence Commission, the DPRK Central People's Committee and the DPRK Administration Council.

Written on the ribbon of the floral basket were letters reading: "The great leader Comrade Kim Il-song is immortal."

Comrade Kim Chong-il, accompanied by the senior party and state officials, paid his respects to President Kim Il-song's statue.

He ascended the stairs and entered the hall where President Kim Il-song is preserved in state. And he made bows to the president in humble reverence together with the senior party and state officials.

DPRK: Kim Il-song Portraits Erected Because of Kim Chong-il

SK0907085896 Pyongyang KCNA in English
0847 GMT 9 Jul 96

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — The Korean people from all walks of life visited the portraits of the great leader President Kim Il-song beaming with a sunny smile, which stand on streets of the capital and other parts of the country, on the occasion of the second anniversary of his death and paid their deepest respects to him.

Looking up to the portraits of the president, who beams with a bright smile on his face wishing them success, happiness and prosperity generation after generation, they burst into tears, unable to repress their longings for him.

These portraits were erected thanks to the intense loyalty and filial piety and energetic guidance of the great leader Comrade Kim Chong-il determined to make his image kept forever in the hearts of all the people.

In July 1994 when the whole country was overcome with the bitterest sorrow upon the sad news of the sudden death of the president, Comrade Kim Chong-il acquainted himself with the schedule of his memorial services and assigned artists with a task of drawing his portrait from a new angle for the funeral.

He chose one from among many pictures of the president, a picture of him who beams with a bright smile on his face, and sent it to artists for his portrait. And he gave instructions about all things including the color of its frame.

He said that the clothes which the president was fond of wearing when he was alive must be pictured in his portrait, the color, pattern and distinctions of his necktie must be represented and the frame be decorated with national flower of Korea magnolia, his favourite flower.

When the portrait was completed, Comrade Kim Chong-il repeatedly said with satisfaction that it was a masterpiece and stressed that it must be preserved permanently and handed down to posterity.

DPRK: U.S. Communist Party Sends Flowers in Memory of Kim Il-song

SK0507084096 Pyongyang KCNA in English
0758 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — A floral basket in the name of the Communist Party of the USA was laid before a portrait of the great leader President Kim Il-song hanging in the DPRK permanent mission in the United Nations on June 27 on the occasion of the second anniversary of his death.

The national chairman of the Communist Party of the USA sent the floral basket with the following letters:

To the memory of Comrade Kim Il-song, founder of the Democratic People's Republic of Korea and the Workers' Party of Korea, designer of Korea's reunification, builder of socialism and defender of peace.

Gus Hall,

national chairman
Communist Party
United States of America

DPRK: Symposium Marks Anniversary of Kim Il-song's Death

SK0507034796 Pyongyang KCNA in English
0316 GMT 5 Jul 96

["National Symposium Commemorates President Kim Il-song's Second Anniversary" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — A national symposium was held here on July 4 to commemorate the second death anniversary of the great leader President Kim Il-song.

Among those present at the symposium were Yi Chong-ok, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president; Choe Tae-pok, alternate Politburo member and secretary of the WPK Central Committee; and Chang Chol, vice-premier of the Administration Council.

The symposium referred to the imperishable feats President Kim Il-song, who was possessed of rare ideological and theoretical intelligence, outstanding leadership ability and personality and noble virtues fascinating all people, performed for the times, the revolution, the country and the people by leading the revolution and construction to a brilliant victory.

The speakers said that one of the greatest feats he performed for the freedom and liberation of the people and the prosperity and development of the country all his life is the foundation of the chuche idea, the eternal guiding idea in the era of independence.

Another one is that he led the revolutionary struggle of the popular masses for independence to a victory so as to usher in the era of independence and open a broad avenue for its eternal development, they noted.

The respected Comrade Kim Il-song, who built a man-centred socialism of Korean style and performed the undying feats for the times and revolution, is immortal as the top brain of the integral whole of the leader, the party and the masses and the father of socialist Korea, they said.

The speakers said that the Korean people will certainly win as they have the leader of the revolution in the person of the great leader Comrade Kim Chong-il, who is identical to President Kim Il- song in ideology, leadership and traits. They highlighted the need to fight for the final victory of the revolutionary cause of chuche under the guidance of the party.

DPRK: Art Exhibition Opens for Kim Il-song Death Anniversary

SK0407031996 Pyongyang KCNA in English
0313 GMT 4 Jul 96

[FBIS Transcribed Text] Pyongyang, July 4 (KCNA) — A national art exhibition "The Great leader Comrade Kim Il-song Will Always Be With Us" opened in Pyongyang on the occasion of the second anniversary of the death of President Kim Il-song.

On display at the exhibition are more than 70 art pieces including works portraying his revolutionary activities and undying exploits.

Korean paintings "The Sun of All People" and "Mansu Hill in July 1994" and other works vividly portray the reverence and ardent longing of the Korean people for President Kim Il-song.

An oil painting "Arduous March," a jewel painting "Shouldering the Heavy Burden of the Fatherland Liberation War", Korean paintings "I Must Go to Any Place Where There Are People" and "The Great Life on July 6, 1994" and other art pieces impressively portray unremitting revolutionary activities of the president.

Contained in Korean paintings "Morning of the Arch of Triumph" and "We Will Trust and Follow Only the Great General Kim Chong-il" are the faith and will of the Korean people to accomplish the revolutionary cause of chuche under the guidance of the respected General Kim Chong-il.

Vice-Premier Chang Chol, who is also minister of culture and art, delivered an address at the opening ceremony held on July 3.

DPRK: Bangladesh Figures Visit DPRK Embassy To Honor Kim Il-song

SK0907084696 Pyongyang KCNA in English
0830 GMT 9 Jul 96

[Spelling of Bangladesh names as received]

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — Some ten political and public figures of Bangladesh visited the DPRK Embassy in Dhaka on July 4 on the second anniversary of the great leader President Kim Il-song.

The visitors included Rashed Khan Menon, general secretary of the C.C. [Central Committee], the Workers'

Party; A.F.M. Mahbubul Huq, convener of the C.C., the Socialist Party of Bangladesh; Khalequzzaman Bhuiyan, convener of the C.C., the Bangladesh Socialist Party; and Dilip Barua, general secretary of the C.C., the Communist Party (Marxist-Leninist).

They laid a floral basket before the portrait of President Kim Il-song in the name of the Bangladesh National Committee to remember the great leader Comrade Kim Il-song and paid homage to him.

Rashed Khan Menon said, "The great leader Comrade Kim Il-song will always be in our hearts. We will fight it out for victory in socialism, true to his teachings."

Members of the Pakistan-Korea Friendship Association, officials of the press of Pakistan and members of the Group for the Study of the Chuche Idea of Teachers of Chambogo Normal College of Uganda visited Korean embassies in their countries respectively on June 23 and July 2. They laid flowers before President Kim Il-song's portrait and paid homage to him.

DPRK: Iranian, Cuban Diplomats Visit Kim Il-song Statue

SK0607041196 Pyongyang KCNA in English 0338 GMT 6 Jul 96

[FBIS Transcribed Text] Pyongyang, July 6 (KCNA) — Diplomatic envoys and embassy officials of Iran, Yugoslavia and Cuba in Pyongyang on July 5 visited the statue of the great leader President Kim Il-song on Mansu Hill here on the occasion of the second anniversary of his death.

They laid floral baskets and flowers and made a bow before the statue.

DPRK: Volume 44 of Kim Il-song's 'Classical Works' Published

SK0507084396 Pyongyang KCNA in English 0822 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — Volume 44 of Kim Il-song's works has been brought out at the Workers' Party of Korea Publishing House.

Contained in the volume are 41 immortal classical works published by the great leader President Kim Il-song during the period from mid-December, 1992, to July 6, 1994.

President Kim Il-song worked heart and soul for prosperity and development of the country and happiness of the people all his life. He energetically led the revolution and construction until the last moments of his great life. In the course he authored a large number of works through his tireless ideological and theoretical activities, enriching the treasure house of human thought.

Among them are works "For the Inheritance and Completion of the Cause of Socialism" and "Young People Must Accomplish the Revolutionary Cause of Chuche, Upholding the Leadership of the Party". In the works he stresses how important the inheritance of leadership over the revolution and construction is at the time of the replacement of generations of the revolution, and refers to its brilliant solution.

"Five major tasks of the party cells", "Talk to the chairman of the Central Committee of the Belgian Labour Party" and other works deal with the serious lesson from the collapse of socialist ruling parties and failure of socialism in the former Soviet Union and east European countries. And they carry his ideas and policies on strengthening the party, the general staff of the revolution, and enhancing its role to strictly establish its leadership over the cause of socialism.

The book also carries works which stress that study of history should be developed in depth strictly from the stand of chuche and unearthing of the Tomb of King Tangun be done in a responsible manner so as to proudly display the honor of the long history of the Korean nation and the homogeneity of the nation whose ancestral father is Tangun.

"10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", "The Most Laudable Patriots Are Those Devotedly Working for National Reunification" and other works deal with the idea that all Koreans in the North, South and overseas should unite as one to reunify the country by means of confederacy.

Besides, the book comprehensively expounds outstanding ideas, theories and policies which give answers to the theoretical and practical problems arising in the revolution and construction such as problems of bringing up the youth and children to be reliable heirs to the revolution and widely waging the national reunification movement and the patriotic activities among overseas compatriots.

DPRK: Kim Ki-nam at Photo Show Commemorating Kim Il-song Death

SK0507042696 Pyongyang KCNA in English 0421 GMT 5 Jul 96

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — A national photo exhibition was opened on the lapse of two years after the great leader President Kim Il-song passed away.

On display at the exhibition hall are pictures showing the glorious revolutionary activities of President Kim Il-song, who had made tireless efforts for prosperity and development of the country, freedom and happiness of the people, and for national reunification and global independence, until the last moments of his life.

And there are pictures showing the noble traits of the great leader Comrade Kim Chong-il, who has worked heart and soul to hold President Kim Il-song in high esteem as the eternal sun of chuche for all ages.

Also on show are pictures of people from all walks of life and youth and students of Korea, overseas compatriots, foreigners visiting the statues of President Kim Il-song and the Kumsusan Memorial Palace, and pictures showing activities of the Korean people.

Its opening ceremony took place at the People's Palace of Culture in Pyongyang Thursday.

Present there were secretary of the C.C. [Central Committee], the Workers' Party of Korea Kim Ki-nam, officials concerned, amateur cameramen and working people in the city.

Kim Ki-nam made an opening address.

DPRK: Sihanouk Sends Basket on Kim Il-song Death Anniversary

SK0907090596 Pyongyang KCNA in English
0851 GMT 9 Jul 96

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — His Majesty [H.M.] King Norodom Sihanouk of Cambodia sent a floral basket to the Korean Embassy in his country Sunday [7 July] on the second anniversary of the great leader President Kim Il-song.

Princess Norodom Bophadevi, an advisor of the Cambodian Government, and Kong Sam Ol, deputy prime minister in charge of the Royal Palace, visited the embassy to convey the floral basket.

They have come with the floral basket on the special instruction of his majesty the king, the princess noted, and said:

His majesty the king still remembers his excellency [H.E.] Generalissimo Kim Il-song, his elder brother.

The death of H.E. the generalissimo is a great loss and grief not only to the Korean people but also to our Cambodian people.

On this sorrowful day, I ask for conveying the best wishes of H.M. the king and her majesty the queen and of myself for longevity to Marshal Kim Chong-il, the great leader of the Korean people.

H.E. Generalissimo Kim Il-song, the greatest leader of the Korean people, will always remain in the hearts of our Cambodian people.

Meanwhile, the secretary general of the cabinet of the Cambodian king on July 8 called at the DPRK Embassy in Beijing. There he laid a floral basket in the name of the king before the portrait of President Kim Il-song, and paid a silent tribute to him.

DPRK: National Memorial Service for Kim Il-song Reported

SK0807093796 Pyongyang KCNA in English
0924 GMT 8 Jul 96

["National Memorial Service Held To Commemorate President Kim Il-song's Second Anniversary" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — A national memorial service was solemnly held at the Kumsusan Memorial Palace today to commemorate the second anniversary of the death of the great leader President Kim Il-song.

A Korean-style corridor to the palace was recently built and the plaza in front of the palace was covered with granite and a new garden was built thanks to the steadfast will and noble sense of morality and fidelity of the soldiers of the Korean People's Army [KPA] and the Korean people to hold in high esteem President Kim Il- song for all ages.

The plaza in front of the palace, built more splendidly as the supreme temple of chuche, was crowded with tens of thousands of Pyongyangites of all walks of life and officers and men of the Korean People's Army.

Placed on the facade of the palace was a portrait of President Kim Il-song.

Set up in the plaza were large slogan boards reading "Long live the great leader Comrade Kim Il-song!" and "Long live the glorious Workers' Party of Korea [WPK]!"

Flying on the flag poles were the flags of the Workers' Party of Korea and the Democratic People's Republic of Korea.

Also seen in the plaza were the large slogan boards reading "Let us hold in high esteem the great leader Comrade Kim Il-song for all ages!" "Let us accomplish the revolutionary cause of chuche, true to the last teachings of the great leader Comrade Kim Il-song!" "Let us be faithful to the leadership of the respected supreme commander Comrade Kim Chong-il as desired by the great leader Comrade Kim Il- song in his lifetime!" etc.

Attending the service were members and alternate members of the WPK Central Committee in Pyongyang, leading officials of the party and power bodies, administrative and economic organs, public organisations and national institutions, anti-Japanese revolutionary veterans, men of science, education, culture and art, public health and the press, officers and men of the Korean People's Army, bereaved families of the revolutionary martyrs and working people in the city.

Members of delegations and home-visiting groups of the General Association of Korean Residents in Japan (Chongnyon) and Koreans from different parts of the world staying in the socialist homeland were on hand.

Chief Yi Chong-sang of the Pyongyang mission of the National Democratic Front of South Korea and foreign diplomatic envoys in Pyongyang were present on invitation.

The great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army, appeared on the platform.

Also occupying the platform were Vice-Presidents of the DPRK Yi Chong-ok, Pak Song-chol and Kim Yong-chu, Politburo members of the Workers' Party of Korea Central Committee; Vice-President of the DPRK Kim Pyong-sik, chairman of the Central Committee of the Korean Social Democratic Party; Minister of the People's Armed Forces Choe Kwang and Vice-Premier of the Administration Council [AC] Kim Yong- nam, Politburo members of the WPK Central Committee; Kye Ung-tae, Chon Pyong-ho and Han Song-yong, Politburo members and secretaries of the C.C. [Central Committee], the WPK; Marshal of the KPA Yi Ul- sol; Vice Marshal of the KPA Cho Myong-nok, director of the KPA General Political Department; Vice Marshal of the KPA Kim Yong-chun, chief of the KPA General Staff; alternate Politburo member of the WPK Central Committee Kim Chol-man; Choe Tae-pok, alternate Politburo member and secretary of the C.C., the WPK; Yang Hyong-sop, alternate Politburo member of the C.C., the WPK and chairman of the Supreme People's Assembly; Hong Song-nam and Choe Yong-nim, alternate Politburo members of the C.C., the WPK and Vice-Premiers of the Administration Council; Hong Sok-hyong, alternate Politburo member of the C.C., the WPK and chairman of the State Planning Commission; Kim Ki-nam, Hwang Chang-yop, Kim Chung-nin and Kim Yong-sun, secretaries of the C.C., the WPK; Kim Pok-sin, Kim Yun-hyok and Chang Chol, vice-premiers of the AC; Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; Yun Ki-bok, chairman of the Economic Policy Commission of the Central People's Committee; Vice Marshals of the KPA Kim Kwang-chin, Paek Hak-nim, Kim Ik-hyon and Yi Ha-il; Yu Mi-yong, chairperson of the C.C., the Chondoist Chongu Party; Kim Song-ae; department directors of the WPK Central Committee; WPK Central Military Commission members; anti-Japanese revolutionary veterans; KPA generals; and leading officials of the working people's organisations.

Seen on the platform was O Hyong-chin, vice-chairman of the Chongnyon Central Standing Committee.

The immortal revolutionary paean "Song of General Kim Il-song" was solemnly played.

All those present at the survive observed a moment's silence with the deepest reverence in memory of President Kim Il-song, who devoted his all to the country, the people, the accomplishment of the revolutionary cause of chuche and global independence during his 80-odd-year-long life.

Choe Tae-pok, alternate Politburo member and secretary of the WPK Central Committee, made an address at the service.

KPA Vice-Marshal Kim Kwang-chin spoke on behalf of the KPA officers and men, chairman of the C.C., the General Federation of Trade Unions of Korea Chu Song-il on behalf of the working class and First Secretary Choe Yong-hae of the C.C., the Kim Il-song Socialist Youth League on behalf of the youth.

The memorial service ended with the playing of the song "The Internationale".

DPRK: Speeches at National Memorial Service Reported

SK0807092096 Pyongyang KCNA in English 0903 GMT 8 Jul 96

["Speeches at National Memorial Service" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 8 (KCNA) — Representatives of servicemen, working class and youth spoke at the national memorial service to commemorate the second death anniversary of the great leader President Kim Il-song.

Vice-Marshal Kim Kwang-chin of the Korean People's Army [KPA] spoke on behalf of the KPA officers and men.

He said that though his heart stopped beating, the great leader President Kim Il-song is alive in the hearts of the Korean people and officers and men of the People's

Army as the father of socialist Korea as well as of the army thanks to the most fervent loyalty of the respected supreme commander Comrade Kim Chong-il and that President Kim Il-song's glorious revolutionary history continues with the prosperity and development of the country and the grand march of the revolutionary armed forces.

In the last two years Comrade Kim Chong-il, the supreme incarnation of loyalty and filial piety with no parallel in history, devoted all his thinking and practice only to the noble work for holding in high esteem the fatherly leader President Kim Il-song for all ages and exalting his revolutionary exploits generation after generation and thus set a world-wide example of communist moral obligation in upholding the preceding leader and his cause one hundred percent, he said, and went on:

"Comrade Kim Chong-il with firm faith and will to accomplish by force of arms the Korean revolution started by President Kim Il-song with arms in hand gave on-the-spot guidance to units of three services one after another along the great traces of the president and energetically directed the work of the People's Army so as to bring about great changes equal to 10, nay, 20 years in the history of the development of our revolutionary armed forces.

"The highest mission of the People's Army is to devotedly safeguard Comrade Kim Chong-il, the top brain and heart of the Korean revolution, by force of arms.

"The U.S.-led imperialist allied forces and reactionaries are running amok to isolate and stifle at any cost our Republic, the fortress of socialism, bringing the situation in our country to the brink of war.

"Our People's Army is in full readiness to defeat any formidable enemy at one stroke.

"It is our set will and resolution to return retaliation for the enemy's 'retaliation', an all-out war for its 'all-out war.'

"Our People's Army will never pardon, but give a thousand-fold retaliation to any one who encroaches upon the sovereignty of our country, defying our will and resolution.

"If the enemies dare ignite a war, our People's Army will first defeat the U.S. imperialist aggression forces, the sworn enemy, with the flag of the supreme commander marked with the marshal star flying high, and then mercilessly annihilate the South Korean puppets and all the followers of the United States who oppose the DPRK, so that we will firmly defend the Korean-style socialism bequeathed by the president and certainly accomplish the historic cause of national reunification true to the pledge we made before his bier in bitter tears."

Chu Song-il, chairman of the C.C. [Central Committee], the General Federation of Trade Unions, spoke on behalf of the working class.

He said:

"The respected Comrade Kim Il-song was a great leader of the working class, who, from the first days of his revolutionary activities, put forward the working class as the leading class of the revolution and always resolved all the problems arising in the revolution and construction as desired and demanded by the working class and for the happiness of the people.

"Led by the respected comrade Kim Chong-il, who is identical to Comrade Kim Il-song, all the workers across the country have consolidated the foundations of the independent economy, defended the Korean-style socialism from all manner of counterrevolutionary offensive of the enemies and developed it continuously.

"The workers will defend and uphold Comrade Kim Chong-il, rallied closer around him.

"The working class will more firmly uphold the Workers' Party of Korea and push ahead with the Korean revolution, taking the lead in the present-day arduous march."

Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song Socialist Youth League, spoke on behalf of the youth.

He said:

"The respected Generalissimo Kim Il-song was a great teacher and the tender-hearted father of the youth league officials and youth and children; his embrace was a cradle of our unbounded happiness.

"With the politics of great love, President Kim Il-song trained a reliable huge force of youth and children who will carry forward the revolutionary cause of chuche generation after generation; this is one of his greatest feats for the times and revolution.

"The youth league officials and youth and children will resolutely defend and exalt the feats he performed during his guidance over the youth movement and will be the most faithful and dutiful subjects who devote their youth and life without hesitation to the glorious work for upholding the guidance of the respected General Kim Chong-il.

"The youth and children will be 8 million human bombs and 16 million handgrenades to defend General Kim Chong-il.

"The young men and women will carry out any difficult tasks in production, construction and national defence."

DPRK: Kim Kwang-chin Addresses Memorial Meeting

SK0807123496 Pyongyang Korean Central Broadcasting Network in Korean 0241 GMT 8 Jul 96

[Memorial speech by Kim Kwang-chin, vice marshal of the Korean People's Army, at the central memorial service commemorating the second anniversary of the death of Kim Il-song at the Kumsusan Memorial Palace — described as live by source]

[FBIS Translated Text] Comrades. Two years have quickly passed since we abruptly lost the great leader [widaehan suryong] Generalissimo Kim Il-song, whom we believed like heaven and followed as the sun, since then writhing in extreme agony and lamentation.

The passing of the great leader [widaehan suryongnim] was the greatest misfortune unprecedented in the 5,000 year history of our country. It gave the greatest sorrow to our nation and people, which can never disappear even with the passage of thousands and tens of thousands of years.

The last two years have been a time when all of us have spent days and nights thinking of the fatherly leader, with an increasingly heart-piercing adoration for him with each passing day, and when we cherished deeper in our hearts the firm faith that because we uphold the respected and beloved comrade supreme commander, then the leader [suryongnim] is with us today, tomorrow, and forever.

Although the great leader's [widaehan suryongnim] heart stopped beating, he lives in eternity in the minds of our people and of the officers and men of the People's Army as the founder of the socialist Korea and as the father of Army building, and in the boundlessly warm inner-most feelings of the respected and beloved comrade supreme commander. At the same time, the leader's [suryongnimui] glorious revolutionary history continuously flows in the strengthening and prosperity of our country and in the vigorous march of our revolutionary armed forces.

Over the last two years, the respected and beloved comrade supreme commander, the supreme incarnation of loyalty and filial dutifulness unprecedented in the history of East or West, has devoted all his thoughts and practice to the sacred cause of upholding the fatherly leader forever, adding luster to the leader's [suryongnimui] revolutionary achievements forever, thus creating a worldwide example of communist morality and fidelity of purely upholding the preceding leader and his cause.

With the iron-willed faith and will to complete with rifles our revolution, which the great leader [widaehan suryongnim] pioneered with rifles, the respected and beloved comrade supreme commander gave continual on-the-spot guidance to the units of the three services of the armed forces, following the road on which the leader's [suryongnimui] sacred traces dwell, and energetically led the work of the People's Army, bringing forth a great upturn in the history of the development of our revolutionary armed forces comparable to that which can be brought forth in ten or twenty years.

In the days of his energetic on-the-spot guidance with his iron- willed volition, unequalled audacity, and sublime spirit of the marine corps, the respected and beloved comrade supreme commander made active trips from front to front, visiting frontline guardposts such as those at Height 351, Mt. Osong, and Mt. Taedok; naval bases; and airbases. This solidified the country's 1,000-ri defense line as an impregnable fortress and firmly prepared our People's Army so that it can fulfill its honorable mission and duty as the core unit of the revolution and as the main-force unit for the completion of the Korean revolutionary cause.

Our People's Army, which has grown to be an invincibly strong Army under the care of the respected and beloved comrade supreme commander, the greatest and most famous general of the world and the general of Mt. Paektu, is now filled with militant morality and spirit. The enemy is trembling with anxiety and horror before our might.

The great leader [widaehan suryong] Generalissimo Kim Il-song has taught: I expect all officers and men of the People's Army to regard the orders of the Supreme Commander Kim Chong-il as my orders, to obey those orders absolutely, and to uphold the supreme commander's leadership with loyalty.

The greatest mission of the People's Army is to defend with their lives and at the point of guns the respected and beloved supreme commander Comrade Kim Chong-il, who is the supreme nerve center [choego noesu] of our revolution and the heart of the Korean revolution.

By cherishing deep in our hearts the great leader's [suryongnim] behest, our People's Army absolutely worship and follow only the respected and beloved supreme commander Comrade Kim Chong-il, who is our destiny and the banner of victory no matter what raging wind may blow and no matter how arduous trials may lie ahead. Our People's Army will loyally uphold the ideas and leadership of the comrade supreme commander to the end.

The officers and men of our People's Army will defend the respected and beloved comrade supreme commander with arms and at the risk of their lives, standing in the forefront of the revolution with the spirit of O Chung-hup's Seventh Regiment of being human bombs, fortresses, and shields, upholding the slogan of loyalty "Let us defend with our lives the nerve center of the revolution headed by [subanuro hanun] the great Comrade Kim Chong-il." Thus, our People's Army will further glorify the honorable tradition of our revolutionary armed forces to defend the leader [suryong].

Today, the allied forces of the imperialists, including the U.S. imperialists, and reactionaries frantically run amok to crush our republic, the stronghold of socialism, at any cost. They are driving the situation in our country to the brink of war.

However, our People's Army is fully prepared to sweep away in a single stroke tens of millions of enemy if they attack us. It is our unchanged will and decision to respond to the enemy's retaliation with retaliation, and to full-scale war [chonmyon chonjaeng] with full-scale war.

If anyone infringes on the sovereignty of our nation even in the slightest degree, ignoring our will and our decisions, then our People's Army will absolutely not tolerate it, and will deal a thousand-fold retaliation.

If the enemy ultimately ignites a fuse to a war while running wild recklessly, our People's Army will first strike and annihilate the wretched U.S. imperialist forces of aggression, the archenemy, while flying high the flag of the supreme commander brilliant with the marshal's stars, and will mercilessly trample the South Korean puppets and other people who seek to confront us by following the United States [manyak wonsuduri punbyoropsi naltwimyonso kkutkkunae chonjaengui purul chirumyon uri inmingundaenun wonsubyol pinnanun choegosaryonggwan kirul nopinallimyo cholchonji wonsu mije chimryakchadurul somyolhato mije tagyok somyolhalgosimyo namjoson koeroedulgwa migugo chujonghayo uriwa masojuryonun jadurul mujabihage chitnaggo porilgosimnida].

By doing so, the People's Army will firmly defend our own style of socialism, which the fatherly leader left us as his inheritance, and will accomplish the historic cause of national reunification without fail, as we pledged with tears before the soul of the leader [suryongnimui yongjone pinunmullo tachin maengsedaero choguktongilui yoksachok wiobul kkoi irukhagoyamalgosida].

As long as there is the great Comrade Kim Chong-il, who is a peerlessly great man and ever-victorious indomitable general, then our revolution will be ever-victorious forever, and our nation and fatherland will prosper forever under the name of the great leader [widaehan suryong] Comrade Kim Il-song.

At this solemn place overflowing with a firm determination and revolutionary passion to render loyalty to the end to the leadership of the respected and beloved comrade supreme commander by keeping the great leader's [suryongnim] behest, I, reflecting the unanimous will of all officers and men of the People's Army, solemnly pledge to fully display the honor and might of our People's Army as the army of the leader [suryong] and of the party by upholding the red flag of revolution, and to firmly defend the chuche revolutionary cause with arms.

DPRK: Foreign Crewmen Hold Meeting for Kim Il-song Death

SK0907085396 Pyongyang KCNA in English 0837 GMT 9 Jul 96

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — A memorial meeting was held by foreign crewmen at Nampo Port on the west coast of Korea on July 8 on the occasion of the second anniversary of the great leader President Kim Il-song.

Present there were captains and crewmen of the Chinese ships Xing Bao and Chin Peng, Cuban ship Bahia de Cochinos, Panamanian ships Ar Raquib and Toyo 7 and Honduran ship Concod.

Participants paid a silent tribute to the memory of President Kim Il-song and prayed for his immortality.

Speakers at the meeting said that the world people have high respect for President Kim Il-song, who devoted his whole life to the freedom and happiness of the people and the development and prosperity of the country, and he will remain forever in the hearts of the people.

The DPRK has been firmly cemented and is vigorously advancing along the road of socialism, holding another great leader Comrade Kim Chong-il in high esteem.

They expressed the belief that the Korean people will certainly achieve the reunification of the country and successfully accomplish the socialist cause under the wise leadership of the great leader Comrade Kim Chong-il.

DPRK: Events Commemorate Kim Il-song Death Anniversary

*SK0907084296 Pyongyang KCNA in English
0824 GMT 9 Jul 96*

["Special Write-ups on Second Anniversary of President Kim Il- song" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 9 (KCNA) — Newspapers here today give special write-ups with news of memorial events held on the second death anniversary of the great leader President Kim Il-song.

Figuring large in the press are photo-illustrated reports that a national memorial service was solemnly held to commemorate the second anniversary of President Kim Il-song and the great leader Comrade Kim Chong-il attended the memorial service together with senior party and state officials.

Printed in papers are pictures of the platform of the service and a panoramic view of the service place, a memorial address by Choe Tae-pok, alternate Politburo member and secretary of the C.C. [Central Committee], the Workers' Party of Korea, and speeches made by representatives of different strata at the service.

Papers carry a picture of Comrade Kim Chong-il, together with senior party and state officials, paying respects to President Kim Il-song at the Kumsusan Memorial Palace and a picture of the president's statue there.

On the death anniversary of the president, working people, People's Army servicemen and overseas Korean compatriots and foreigners visited the Kumsusan Memorial Palace to pay homage to him, reports the press.

NODONG SINMUN carries a letter to Comrade Kim Chong-il sent by leader of the Japan Social Democratic Party Tomiichi Murayama on the anniversary.

It is reported in the press that the king of Cambodia sent floral baskets to the Korean embassies in Phnom Penh and Beijing on the anniversary. Floral baskets also came from the International Institute of the Chuche Idea and the Japan National Liaison Council of Societies for the Study of Comrade Kim Chong-il Works.

Given in papers are accounts of memorial services and memorial evenings held by youth and students in Pyongyang and working people's organizations, memorial meetings and services held in provinces, cities and counties and industrial complexes on the second anniversary of President Kim Il-song.

A memorial meeting was held by foreign seamen staying in Korea and a memorial service in Pakistan, according to the press.

Papers report that working people, army servicemen, youth and students of Korea and foreign visitors laid floral baskets before statues of President Kim Il-song standing on Mansu Hill here and other places of the country and paid homage to him.

NODONG SINMUN carries an article by president of the Bangladesh People's League Garib Newaz stressing that it is the glory of Korea to have been led by President Kim Il-song and Comrade Kim Chong-il.

President Kim Il-song's reminiscences and brief biography were introduced in different countries, reports the daily.

The paper informs the readers that foreign political and public figures visited DPRK Embassies in their countries to commemorate the second anniversary of the president.

Posters and postcards praying for immortality of President Kim Il-song were pasted up or scattered in different places of Pusan, South Korea, says the press.

DPRK: Soldier's 'Feats' at Kumgangsan Power Station

*SK0507084196 Pyongyang KCNA in English
0804 GMT 5 Jul 96*

[FBIS Transcribed Text] Pyongyang, July 5 (KCNA) — The large- sized Kumgangsan Power Station has been built by soldiers of the Korean People's Army [KPA] on the east coast of Korea.

In his telegraph order of July 2, the great Comrade Kim Chong-il, supreme commander of the Korean People's Army, declared the completion of the construction of the power station, a world-level project of grand nature transformation.

The construction was a huge and difficult project, a record unparalleled in the construction of hydroelectric power station. Rivers and streams running through a vast area covering five counties in Kangwon Province meet one another at one point to generate electricity.

KPA soldiers undertook this project. They had to excavate a 40- km-long waterway tunnel under mountains and build gigantic structures in valleys, rivers and streams. In the course of this, manifold difficulties and trials cropped up beyond human imagination. Sometimes, water poured from the ceiling of the tunnel and some tunnel sections collapsed all of a sudden.

The servicemen, however, carried on the project with all devotion. They remembered that the construction of the power station was what the great leader Comrade Kim Il-song wished and that it was an honorable campaign to fulfil the order of Comrade Kim Chong-il.

When the bottom of the pit was submerged, they operated a rock- drill on a raft they made. They carried props on their shoulders while pushing mine cars.

They did not hesitate to work in a dangerous section where the ceiling might fall down any moment. When water poured in the pit, they blocked it with their chests.

Generals and other commanding officers were seen in the van of the soldiers.

Whenever most difficult things and dangerous phenomena occurred, generals always set examples in the van of the soldiers, shouting "Follow me!"

The commanding officers formed "a shock brigade of officers" and "a shock brigade of political commissars" and made a breakthrough by encouraging the soldiers to feats with effective political work and practical examples.

Thanks to the devoted efforts of the servicemen, the Kumgangsan Power Station was built as a monument to grand nature transformation.

The power station is symbolic of the stamina of socialist Korea. It is a great product of the revolutionary spirit of the KPA soldiers intensely loyal to Comrade Kim Chong-il's leadership and devoted to the country and the people.

South Korea

ROK Remits 6 Million Dollars to KEDO for Service Costs

SK0907081596 Seoul YONHAP in English
0808 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — South Korea on Tuesday sent 6 million U.S. dollars to the secretariat of the Korean Peninsula Energy Development Organization (KEDO) for pre-project service costs in relation to the KEDO's light-water reactor construction project in North Korea.

The entire remittance stemmed from the government's South-North Korean exchange and cooperation fund designation of the KEDO project as an inter-Korean cooperation business.

"The Seoul Government decided to assist with the pre-project service money at a KEDO Executive Board meeting in March. It made the remittance via the Korea Exchange Bank," an official at the Office of Planning for Light-Water Reactor Project of the National Unification Ministry said Tuesday.

KEDO has estimated that 9 million dollars will be required to conduct the pre-project service, including surveys on the topography and geology and drawing up of a basic work process plan.

In the meantime, Japan donated 3 million dollars for the same purpose to the international consortium last year.

ROK Official: U.S. Seeks Postponement of SOFA Talks

SK0907124096 Seoul YONHAP in English
1229 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — Korea-U.S. talks on an amendment to the Status of Forces Agreement (SOFA), originally set to resume in the middle of this month, have been postponed until a later date at the request of the United States.

"The two countries tentatively agreed to hold the 7th SOFA meeting in Seoul in the middle of this month. But, the United States has recently asked for its postponement on the ground that it had yet to arrive at its final position," a government official said Tuesday.

The SOFA talks may be postponed indefinitely barring an unexpected development as the United States seems finding the talks little interesting.

Since Foreign Minister Kong No-myong and U.S. Defense Secretary William Perry agreed last November on the initiation of talks on an amendment to the SOFA, there have been six rounds of talks.

At the 7th meeting, the U.S. is supposed to show its response to Korea's final plan.

ROK Daily Views U.S. Dilemma Over DPRK Missile Deal

SK0107134696 Seoul CHOSON ILBO in Korean
1 Jul 96 p 5

[Article by reporter Yi Pyong-chun: "United States in a Dilemma With Regard to 'North Korean Missile Exports'"]

[FBIS Translated Text] The way the United States has been reacting to the North Korean missile exports to the Middle East shows well the dilemma in which the United States has found itself in the course of its drive to solve the North Korean missile problem.

The United States has sought to induce North Korea into the Missile Technology Control Regime in order to build a nonproliferation system for weapons of mass destruction. However, it has failed to find an appropriate way to do so.

This is proven by the fact that it has been belatedly learned that, with regard to North Korean missile exports to Iran, the U.S. Department of State decided to extend the sanctions against North Korea, imposed under the Weapons Exports Control Act, for another two years. The Department of State did not announce it to the public but put it in the Federal Register only.

This is the second extension of the sanctions, following the first one in 1994. The sanctions have been in place since 1992. An official of the ROK Ministry of Foreign Affairs said that we should interpret the extension as a decision that the U.S. Government has made not because new facts about the North Korean missile exports have been disclosed, but because there has been no new development that warrants the lifting of sanctions.

The extension is merely symbolic and will bring no substantial results. Still, it should not be overlooked because of its timing.

This is because the sanctions have been extended, despite the fact that the Geneva agreement has been implemented smoothly, the easing of sanctions has been constantly discussed, and the North Korea-U.S. missile talks have just started.

The U.S. handled this matter quietly because it did not want to incite North Korea and because it did not want the extension of the sanctions to emerge as a controversial issue for the moment.

This attitude of the United States was clearly shown when it reacted to the 21 May report by THE WASHINGTON TIMES that North Korea supplied materials for Scud-C missiles to Egypt.

At that time, during a regular briefing, Nick Burns, a State Department spokesman, took issue with the leaking of the information, rather than confirming the report. He said: "They tried to give some people in the State Department a hard time and stab them in the back."

The State Department reacted so sensitively because if the missile deal proved to be true, this would deal a serious blow to the Clinton administration in this election year.

Another factor affecting the U.S. handling of the North Korean missile issue is the ROK. The ROK has taken issue with the North- South balance in terms of missile capability.

Because of these factors, the North Korea-U.S. missile negotiations made a "quiet" start. The United States is scheduled to hold a second round of missile negotiations with North Korea sometime this month. A long and thorny road is expected to lie ahead for the negotiations, as in the nuclear negotiations.

ROK Foreign Ministry Confirms DPRK Sent Missile Parts to Egypt

SK0907085296 Seoul YONHAP in English
0839 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP)—South Korea has recently obtained information that North Korea exported missile parts to Egypt, though it does not know the extent to which Pyongyang sold missile technology to Cairo, a Foreign Ministry official said Tuesday.

North Korea refused, however, to accept the allegations of its missile exports to Egypt, he said, adding that Seoul needs additional help from Cairo on the issue.

Fearing that North Korean exports of missiles to Iran, Egypt or any other Middle East countries will eventually undermine peace efforts in the region, the United States recently extended its economic sanctions on North Korea for two years.

"The sanction extension will make it difficult for Washington and Pyongyang to have second round of talks on the North's export of missile technology during July as scheduled," the official said.

The first round of missile export talks were held in Berlin last April, but without any results.

ROK: DPRK Reportedly Continues Diverting Oil to Military Use

SK0807234196 Seoul CHOSON ILBO in Korean
8 Jul 96 p 1

[By reporter Ku Song-chae]

[FBIS Translated Text] It was learned on 7 July that, unlike its original promise, North Korea is continuing to divert the heavy oil it received as a price for nuclear freeze to military use, and therefore, the United States plans to hold full-scale negotiations on this matter with North Korea sometime in July in Pyongyang.

What is attracting attention is that it is known that our side's officials will participate for the first time in the "negotiations on diverting heavy oil" between the United States and North Korea.

It was learned that as of June, about 500,000 tonnes of heavy oil were supplied to North Korea, but there are suspicions that about 20 percent is being diverted for other purposes.

ROK: NSP: 'Abnormal System' in DPRK May Continue 'for Long'

SK0907104396 Seoul YONHAP in English
1022 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — The Agency for National Security Planning (NSP) observed Tuesday North Korea's internal unrest has reached a perilous point and the current abnormal system in which state presidency remains vacant may go on for long.

A spokesman for the ruling New Korea Party [NKP] said the NSP made the analysis during a briefing on the North Korean situation to NKP Chairman Yi Hong-ku and other senior ruling party officials.

"In North Korea, social unrest has been growing toward a critical point," the spokesman quoted an NSP official as saying. "Nonetheless, the North stands ready to mount a military provocation against the South in their unchanging military-first policy."

The spokesman said the NSP believes North Korea copes with their serious food difficulty not in a positive manner. "Pyongyang, for instance, does not release stockpiled military provisions to hungry people," the NSP official reportedly said.

The occasion was one of a series of briefings the NSP has been giving to various groups of people at its Naegok-dong Office in effort to uplift the people's sense of national security.

ROK: Defector on Food, Social Situation in DPRK

SK0907081296 Seoul YONHAP in English
0745 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — In North Korea, the severe food shortages have caused an increase in crime and undermined public morals, a North Korean defector said in a press conference Tuesday.

Chong Sun-yong, 37, a North Korean beautician who recently defected to the South via China, taking her two children with her, said North Korea has intensified anti-crime measures since last year.

In her Tongchon County, there were a total of eight kangaroo court trials of criminals, including public executions, between November last year and April this year.

The food shortage has lowered moral standards to the point that nobody even offers their guests a meal and factories and other workplaces issue travel permits to encourage their employees to travel in search of food, she said.

The people of Tongchon were given corn, soybean and millet rations in such a quantity that they managed to live on the gruel made of these grains from 1993 until March of last year when the rations were suspended altogether.

Chong said she had heard that a monument erected for the late Kim Il-song in a shipyard in Wonsan fell down in an explosion late last March.

Similar monuments, built in October 1994, are found everywhere in North Korea, she added.

"'Long live (South Korean President) Kim Yong-sam' was found engraved on a fence at Tonghae High School on a rainy day in March. The fence was replaced by security authorities," Chong quoted a beautician in Wonsan identified as Kim Sun-hui as having told her.

Accompanied by her son Pak Chol, 15, and daughter Yong-mi, 9, she left her home in Tongchon near the Demilitarized Zone on the east coast May 20 and obtained a travel permit on the pretense of getting food. Via Wonsan, the three-member family crossed the Amnok (Yalu) River to China.

Asked about what motivated her to defect to the South, Chong said, "In addition to the severe discrimination we were subjected to on account of my family background, I couldn't stand the difficult daily life any longer. The rumors that North Korean defectors enjoy a good life in the South prompted me to attempt to defect."

On her family connection to Chong Chu-yong, honorary chairman of the Hyundai Business Group, she said, "I don't know how closely I'm related to him. When the chairman visited the North in January 1989 and security officials called in his relatives to indoctrinate them with the superiority of the North Korean system, I first came to know that we were relatives."

She said she and her children met the business tycoon for five minutes in Seoul. A few women from the Chong family presented bouquets to the defectors after the press conference.

A graduate of a driving school, Chong used to serve as a bus driver and conductor. Since 1982 she worked as a beautician in Tongchon.

Her parents were handed over to security authorities as suspected spies when she was eight years old, and their whereabouts have been unknown ever since. She married Pak Sok-chol, 39, a junior security cadre in Tongchon in 1981 and gave birth to two children. After being divorced in April 1987, again on account of her family background, Chong has led a hard life.

ROK, PRC, DPRK Agree to Visa-Free Travel to Najin-Sonbong

SK0907070896 Seoul YONHAP in English
0601 GMT 9 Jul 96

[FBIS Transcribed Text] Seoul, July 9 (YONHAP) — South Korean businessmen visiting North Korea's Najin-Sonbong free economy and trade area in groups at the invitation of North Korean authorities may enter the communist country without entry visas if they cross the border bridge across the Tuman River that links Quanhe, China, to Wonjong, North Korea.

North Korea and China have agreed to allow no-visa entry into the Najin-Sonbong free economy and trade zone via the Quanhe-Wonjong bridge for a group of a third country businessmen carrying North Korean invitations, the Korea Trade-Investment Promotion Agency (KOTRA) said Tuesday.

The agreement was reached at a meeting between the free trade area's administrative and economic committee and the Jilin Province government held in Changchun June 15-17.

Under the agreement, no-visa entry will be allowed for businessmen from third countries visiting the free trade area via the Quanhe-Wonjong route in groups only and they must carry a passport or some other identification and an invitation issued by the relevant North Korean authority.

They must also obtain China's reentry permit before traveling to the free trade area through the Quanhe-Wonjong bridge.

At present, only Chinese and North Korean travelers are allowed to pass through the Quanhe-Wonjong bridge, and all people from third countries are allowed to enter North Korea via Tumen and other border cities in China.

The Quanhe-Wonjong bridge is the starting point of the shortest access road to the free trade area from China, and no-visa entry for third country businessmen will greatly ease South Korean businessmen's visits to the free trade area, KOTRA officials said.

ROK: Australia's Downer Says No 'Early Move' Toward DPRK

LD0107085496 Melbourne Radio Australia in English 0700 GMT 1 Jul 96

[FBIS Transcribed Text] Australia's foreign minister, Alexander Downer, says there will be no early move by Canberra towards normalization of relations with North Korea. Speaking in the South Korean capital, Seoul, Mr. Downer said North Korea had to make real progress before there would be a full relationship. John Shovelan reports:

[Begin recording] [Shovelan] Addressing the Seoul Correspondents' Club, Mr. Downer said there had to be a reduction in North Korean militarism, including an end to the pursuit of nuclear and chemical weapons. He said if Australia was to contemplate the restoration of diplomatic relations now, it would send the wrong signal to Pyongyang:

[Downer] I think the pressure at this stage needs in particular to be kept on the DPRK, to take up the challenge issued to them to move towards the four-party talks.

[Shovelan] North Korea hasn't indicated whether it will take part in the two-plus-two talks, which would involve South Korea, the U.S. and China. [This is] John Shovelan, Seoul. [end recording]

ROK: Australian Foreign Minister Urges Increased Exchanges

SK0107140496 Seoul YONHAP in English
0804 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Australian Foreign Minister Alexander Downer called for Monday increased bilateral exchanges between ministers, parliamentarians and business circles to expand Seoul-Canberra relations.

Australia also fully supports the expansion of South Korea's participation in multilateral political, security and trade organizations and Seoul's application to join the organization for economic cooperation and development, he stressed.

"It is a matter of considerable importance to Australia that the Republic of Korea has become a significant dialogue partner on regional and international issues."

The minister, the first cabinet member of the newly-elected Canberra government under Prime Minister John Howard, was giving a luncheon address at the Seoul Foreign Correspondents Club at the Seoul Press Center.

Downer also expressed his government's support for the proposed four-way talks for peace on the Korean Peninsula, saying that the future of Korea "is in the hands of all Koreans."

"Australia hopes that this initiative will lead to constructive dialogue — and the sooner the better," he said. "Australia will continue to assist the process of dialogue and reconciliation wherever possible and appropriate."

Canberra also supports the thrust of "segyehwa" or globalization policy of President Kim Yong-sam, Downer asserted, citing it for looking to open Korea's economy and culture to the world and continuing the democratization of the Korean political system.

In terms of expanding trade relations, both countries are committed to diversifying the range of exports to each other, he said, noting the boom in the number of Korean tourists and students going to Australia.

Downer also emphasized South Korea's importance as his nation's second-largest export market, adding that Australia has been a major contributor to Korea's economic success.

"Not enough people in either country appreciate the sheer size and dynamism of trade between Australia and the Republic of Korea."

ROK: Australia's Ansett Airline Inaugurates Seoul-Sydney Route

SK0207120696 Seoul YONHAP in English
1050 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — Ansett Australia, the second civil airlines of Australia, inaugurated regular passenger service on the Seoul-Sydney route Tuesday.

Ansett's maiden flight from Seoul to Sydney was marked in a tape- cutting ceremony at Kimpo International Airport in the evening. Visiting Australian Foreign Minister Alexander Downer and about 30 other well-wishers were present.

Ansett will fly the Seoul-Sydney route every Tuesday and Friday. It will leave Seoul at 8:45 pm and Sydney at 10:05 am.

As Ansett is in a contract with KAL for the swap of seats, a passenger holding an Ansett or KAL ticket may take the other airliner if it is for a second- or third-class seat.

ROK: OECD Membership 'Could Inflict Fatal Damage' on Markets

SK0207014496 (Interne[illegible] The Digital Chosun Ilbo
WWW in English 1144 GMT 1 Jul 96

[Editorial: "Joining the OECD"]

[FBIS Transcribed Text] The government ought not rush to seek the country's membership to the OECD. There are pros and cons to OECD membership. The reason that we urge the government not to be overly obsessed with seeking membership is that there are serious problems in relation to timing and strategy.

OECD membership should be sought at time at which the nation's interests are best served. We believe that although the government has prepared and carried out much groundwork in advance, the country is still not fully prepared to take the step to membership. Before being eligible for OECD membership a number of pre-conditions must be met, namely we must in nearly all fields of government and private endeavors, including of course investment, capital funds movement, exchange and interest rates, labour and environment etc., surpass the required threshold of internationalization, liberalization and universality. However, upon a frank assessment it seems clear that we are still some distance away from being comfortably assured that we have achieved full globalization.

The countries of the OECD continue to devalue our efforts in relation to that to which the OECD attaches the greatest importance, the liberalization of capital funds movement and investment. The other main issues relate to national cash loans and the securities market, the conditions in relation to which the OECD has set cannot be met by us. One wonders whether the OECD has strategic intentions in making such unreasonably demands of us in circumstances where there is a gap of almost 100% in domestic and overseas interest rates and our financial market is unstable. The government ought to coolly reconsider its position in light of the fact that is appears that rushed efforts to obtain OECD membership before the year is out only invite unreasonable demands from the OECD itself. It was clearly shown in the recent second capital movement negotiations that the more hurried the country is to join the more unfavourable the results of the negotiations.

We again emphasize that the country is still a long way from meeting the OECD standards in relation to the financial industry and that the early realization of capital liberalization could inflict fatal damage upon and shake the very support pillars of our finance and capital markets, in circumstances where even domestic competition has not yet properly been attained. We must also realize that there many problems and weaknesses have been exposed in negotiations concerning labour and the environment.

It is absurd to accept the unreasonable conditions of entry to the OECD in circumstances where we do not genuinely consider the nation's interests and in haste to obtain early membership representing a political performance involving the grand overestimation of the benefits that membership might bring. It is vital that we respond in a flexible fashion in an attempt to choose a strategy that it appropriate to our current ability. It is absolutely intolerable that we try to solve the OECD membership issue against the clock. In this regard we must consider carefully the outcomes of the second capital movement negotiations to take place in Paris this coming Thursday.

ROK: Celebration of Membership Into OECD Called 'Premature'

SK0807111396 Seoul THE KOREA TIMES in English 8 Jul 96 p 8

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Despite much hoopla by government officials, analysts here said it was still premature for Korea to uncork the champagne bottle in jubilation over its planned entry into the Organization for Economic Cooperation and Development (OECD).

Despite reluctant endorsement by members, OECD countries, especially European nations, regard Korea's financial system and practice too restrictive, according to Yu Chang-hui, president of the Korea Institute for International Economic Policy (KIEP).

He said it was encouraging for the OECD joint panel of the Committee on Capital Movements and Invisible Transactions (CMIT) and Committee on International Investment and Multilateral Enterprise (CIME) "not to meet again" just to review Korea's entry requirements. Before the Friday meeting, there was worry that the panel might "ask Korea to meet again," citing Korea's financial and capital markets not being in tune with the OECD system.

Instead, the "suspicious" joint panel will send questionnaires to Korea regarding the timetable on removing the remaining restrictions on the nation's regulated, controlled, isolated and compartmentalized financial system." [quotations as published]

Korea may be asked to present a concrete timetable on opening the closed bond market, freeing capital flows and other financial issues.

Yu and other economists said the OECD has not yet sent a "formal admission notice" to Korea. They said crucial choices lie ahead for Korea. One choice is whether Korea is ready to make such sacrifices for the sake of reforming the rigid financial system and practices. The other choice is to reject and half-heartedly accommodate the OECD recommendation to progressively open the financial and capital market and invite a last minute delay in endorsing Seoul's membership.

Even if the CIME-CMIT panel does not invite Korean officials in September, they will review the documents Korea will send regarding the timetable on removing the lingering restrictions in the financial and capital markets. Once the panel members determine Seoul's answer to be "insufficient," their unwilling positive attitude toward the nation's accession to the OECD may go the other way, analysts here said.

For the past 20 months, European members were skeptical about whether Korea was willing to or capable of becoming a member, saying that Korean policymakers were too recalcitrant over opening the financial and capital markets. Japan and the rest of the members were quite supportive of Seoul's membership. The United States, which contributes 25 percent of its budget to the OECD, has been "moderate" inside the OECD, they said.

At this stage, Korea is likely to be admitted into the OECD as the 29th member this year. Even if Seoul gets a ticket, it will symbolize the "start," not the "end" of the nation's liberalization and opening process for the economy and the financial market.

Indications are that Seoul may get a formal admission ticket in September, but it must remove the remaining controls on finance and economy even after becoming a member. Seoul's delay in eliminating the remaining restrictions on finance and economy will invite severe "peer pressure" from other members, analysts said.

Seoul has yet to open the lucrative but controlled bond market, allow free movement of capital across the country, Westernize the labor system, and ultimately discard the "developing country" status in international fora. In addition, Korea must meet its environmental standards the OECD way, and tax officials will no longer use auditing as a tool to tame recalcitrant business tycoons.

Currently, Korea maintains "a variety of systems and rules unique to the economy." They include direct control of conglomerates, the so-called import diversification system aimed at banning imports of Japanese products, and invisible and informal window guidance on the daily affairs of financial institutions.

All these Korea-specific rules must be phased away after the nation gets an OECD seat. The nation's economy is the 11th largest in the world, but many Western bankers here said people's way of thinking is quite nationalistic and anti-foreign. In the eyes of the OECD, Korea is unique in expanding support for small companies.

ROK: Kim Yong-sam Congratulates SRV Party Leader Do Muoi

SK0207123496 Seoul YONHAP in English 1042 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — President Kim Yong-sam on Tuesday afternoon flashed a cable to Vietnamese Communist Party General

Secretary Do Muoi, congratulating him on his recent reelection as party general secretary.

In the message, President Kim said he is confident that Vietnam will continue to develop under General Secretary Muoi's outstanding experiences and leadership.

He also expressed the hope that cooperative relations existing between South Korea and Vietnam will be further promoted in the future.

ROK: Hyundai Wins Bid for $516 Million Singapore Project

SK0107060296 Seoul YONHAP in English
0555 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Hyundai Engineering and Construction Co. has won a tender placed by the Singaporean Communication Ministry for the phase three of the Changi East Reclamation Project worth 516 million U.S. dollars, a company spokesman announced Monday.

The project will cover 1.6 million pyong (5.28 million square meters) on the east coast near Changi International Airport and is scheduled to be completed by September 2002, the spokesman explained.

The project involves reclaiming land to expand existing airstrips and buildings at the airport.

ROK: Foreign Ministry Corps Instructed To Study 2d Language

SK0207042396 Seoul YONHAP in English
0320 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — Quite a few Foreign Ministry officials have long considered a second foreign language "bothersome," but they will now have to cope with them in one way or another.

Foreign Minister Kong No-myong gave unusual instructions Monday [1 July] to work out measures to encourage ministry officials to study second foreign languages.

Kong's special instruction followed a recent evaluation survey of the officials' proficiency in the second foreign languages conducted by the Institute of Foreign Affairs and National Security (IFANS).

IFANS tested English and second foreign languages last May for all ministry officials below the level of grade one and concluded that their second foreign language proficiency was low and they preferred to learn a few specific languages.

There were only two officials who received Grade-2 on the English test — a score equivalent to average university graduates in those countries where English is the native language.

There were only seven officials who scored Grade-2 on the foreign language test — two in Chinese and five in Japanese. Many others received Grade-3 and lower, indicating that the foreign language proficiency of diplomats is far from meeting public expectations.

What matters, however, is the "partiality" of their affection. Chinese and Russian are steadily becoming the favorite foreign languages, while the number of officials choosing to learn French and German is decreasing. Spanish and Arabic, in particular, are being virtually neglected by many officials.

An Arabic test last May was cancelled because there was only one applicant, revealing that the diplomats chose to learn specific languages.

Most officials, however, consider their choice to be inevitable in consideration of circumstances facing them, particularly when it comes to their promotion within the ministry. For instance, many officials suspect that diplomats who major in Spanish can hardly become the director general of the American Affairs Bureau which also covers all the diplomatic missions in central and South America as well as North America.

An official said, "Second languages are recommended in the state test for foreign service, but the situation changes once they have passed the exams and enter the Foreign Ministry. Applicants who majored in Spanish, he continued, even turn their backs on the language because they think it to be unhelpful for their promotion. [no end quotations as received]

Many officials pointed out that minister Kong's instruction will hardly bear fruit unless basic solutions to such problems as promotion are prepared.

ROK: Defense Ministry Plans To Appoint Military Adviser to UN

SK0207061696 Seoul YONHAP in English
0604 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — The Defense Ministry plans to appoint a senior official to work with the South Korean mission to the United Nations early next month, the ministry said Tuesday.

The Defense Ministry official, who will be posted in the United Nations for the first time in history, will advise the chief of the mission on military issues and handle military affairs involving the world body, the ministry noted.

Ko Kyung-seok, director of the ministry's Foreign Policy Division, has been appointed the military adviser.

ROK Ministries Fail To Agree on Guidelines for Labor Imports

SK0107061196 Seoul YONHAP in English 0550 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — The fifth batch of foreign industrial trainees which is scheduled to arrive by the end of this year is not going smoothly because of different points of view among the ministries concerned.

The Korean Federation of Small Business (KFSB) said Monday that it decided to recruit an additional 20,000-30,000 foreign trainees sometime in the third quarter of this year to help ease the small business labor shortage after consulting with the Ministry of Finance and Economy, but have been stymied by Ministries of Justice and Labor that have not yet been able to agree on guidelines for the programs.

The Justice Ministry in particular is strongly opposed to bringing more trainees, insisting that the rate of social crimes committed by alien workers has been increasing, and that the number leaving their assigned worksites without permission continues to escalate.

It is not a good idea to recruit low-wage foreign industrial trainees recklessly, but it is inevitable that we will need additional workers in light of the severe labor shortage facing small firms, KFSB asserted.

The organization said small firms, which did not receive allotment from 20,000 foreign industrial trainees to be imported for the fourth time by the end of this month, are harshly protesting.

Actually, a total of 7,000 small firms hoped to receive foreign labor force in the nation's fourth introduction of foreign industrial trainees, the source added.

ROK: BOK Compares Foreign Debt With Debt of Other Nations

SK0207052396 Seoul YONHAP in English 0442 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — Although the nation's foreign debt is increasing, it is still lower than those of advanced and other developing countries, the Bank of Korea (BOK) said Tuesday.

According to a BOK report, South Korea's total foreign debt was 78.4 billion U.S. dollars at the end of last year, much lower than that of the United States (3,349.2 billion), Britain (2,152.8 billion), Japan (1,735.3 billion) and Germany (1,230.2 billion) in 1994.

Among developing countries, the nation was only the 10th-largest borrower of foreign capital with 56.8 billion dollars as of the end of 1994, when Brazil ranked first on the list with 151.1 billion dollars in 1994, followed by Mexico with 128.3 billion, China with 100.5 billion, India with 99.9 billion, Indonesia with 96.5 billion, Russia with 94.2 billion, Argentina with 77.4 billion, Turkey with 66.3 billion and Thailand with 61 billion.

South Korea's foreign debt is, in amount, equivalent to only 15 percent of its gross national product (GNP) in 1994, a far cry from that of Britain (206.2 percent), Germany (57.5 percent), the United States (49.7 percent), and Japan (39.6 percent).

Among developing nations, the figure for Indonesia was 61 percent in 1994, Turkey 42 percent, Thailand 39 percent and India 35 percent.

The World Bank classifies a nation as having low debt status if its foreign debt as a percentage of GNP is less than 48 percent, so South Korea's foreign debt situation is not serious, the central bank analyzed.

The debt service ratio (DSR), expressed as the total repayment of foreign debt as a percentage of export earnings, is just 6 percent, the report indicated, compared with 54 percent for Argentina, 41 percent for Brazil and 40 percent for Mexico.

A rapid rise in the amount of foreign debt is only natural in light of a growing trade deficit, a BOK source said, but as shown by business indicators such as the DSR, the situation is not that serious.

ROK: DPA Views ROK Overseas Weapons Procurement From 1991-1995

SK0307005396 Seoul THE KOREA TIMES in English 3 Jul 96 p 3

[Report by staff reporter O Yong-chin]

[FBIS Transcribed Text] South Korea spent 6.7 billion dollars on the overseas procurement of weapons and military material in the five-year period from 1991 to 1995 with 83 percent of it coming from the United States.

The country's heavy dependence on U.S. arms makers continued unchecked during the period and it shows little sign of abating in the future, even though the military is trying hard to diversify its sources of purchases to comply with pressure from other countries, including France and Britain, to open the door to them.

According to an internal memorandum prepared by the Defense Procurement Agency [DPA] for senior members of the Defense Ministry, Korea's foreign procurements on a year to year basis stood at 3.043 billion dollars in 1991, 742 million dollars in 1992, 819 million dollars in 1993, 1.012 billion dollars in 1994 and 1.116 billion dollars in 1995.

During the period, the country's combined weapons purchases from countries other than the U.S. were 250 million dollars or 8 percent in 1991, 285 million dollars or 38 percent in 1992, 90 million dollars or 11 percent in 1993, 218 million dollars or 22 percent in 1994 and 323 million dollars or 29 percent in 1995.

A senior procurement official said yesterday that the ratio of U.S. purchases to those from other countries averaged out at about 4 to 1 during the period.

"Korea's heavy reliance on the U.S. for materiel is inevitable because most of the existing military hardware and software being used by the ROK Armed Forces is from the U.S. and, thus, the country has to make additional purchases from the U.S. to maintain 'interoperability' between existing and old systems.

"In addition, the U.S. maintains a significant military presence in Korea under the joint defense posture against North Korea. When Korea needs to purchase weapons overseas, the priority is often given to U.S. companies," he said.

Furthermore, he predicted that unless the military situation dramatically changes, Korea will continue to make its major weapons purchases from the U.S.

Against this backdrop, European countries are trying to get their foot in the door to sell their military hardware but often in vain.

The DPA statistics reflect their frustration. Britain sold Korea military hardware worth about 28 million dollars to Korea, Germany sold about 31 million dollars worth and France sold none last year. Russia sold about 75 million dollars worth and Japan 418,330 dollars worth to Korea last year.

ROK: Kim Yong-sam Urges Building Crime-Free Society

SK0107055896 Seoul YONHAP in English
0456 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — President Kim Yong-sam called for building a secure society free from crime Monday, emphasizing that a "healthy society without the fear of crime is a basic element the country should possess."

"We are experiencing a confusion in values as well as moral corruption under the shadow of rapid growth and material gain," Kim claimed in a speech at a rally for volunteer service for crime prevention held at the Sejong Cultural Center in downtown Seoul.

Kim stressed that all people should cultivate a law-abiding spirit and work in unison toward cracking down on the criminal element.

"We should demonstrate to the world that South Korea is not only successful econoically and politically, but also a country to be praised by the world for its quality of life and social health," Kim said.

ROK President Attends Initiation of KBS Satellite Broadcasting

SK0207021796 Seoul THE KOREA TIMES in English
2 Jul 96 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday opened a trial operation of a satellite broadcasting system in a gala ceremony at Korea Broadcasting System [KBS] in Yoido, southern Seoul.

In an address at the ceremony, Kim called for globalizing Korea's broadcasting programs and systems, timed with the launching of satellite broadcasting.

"We must elevate the international competitiveness of the broadcasting programs to keep up with the rapid development of broadcasting technology," Kim said. "We should also seek globalization of our broadcasting and visual art industry on the occasion of launching satellite broadcasting."

Kim attributed the successful launching of the "new media system" represented by satellite broadcasting to the government's strenuous efforts to build an information society during the past three years.

Satellite broadcasting was made possible with the government's launching of the Mugunghwa Telecommunications Satellite into a geostationary orbit covering the Korean peninsula last year.

Noting satellite broadcasting will help change the people's lifestyle remarkably, Kim said, "Now the people will be able to improve their quality of life by utilizing various broadcasting programs and information. At the same time, satellite broadcasting, which will totally eliminate poor TV reception across the nation, will be a locomotive advancing the era of globalization."

Kim said it is rare in the world's media history for a nation to launch satellite broadcasting just one year after the inauguration of a nationwide cable TV network, whose number of subscriptions has already exceeded the 1 million mark.

"Now we are living in an era of borderless broadcasting. With rapid development of information and telecommunications technologies, a cut-throat, borderless competition has already kicked off in the field of broadcasting," Kim said.

Kim urged KBS, the operator of the satellite broadcasting system, to intensively invest in developing various programs and "push globalization while maintaining the nation's cultural identity."

KBS aired special programs on Channel 1 and 2 of the satellite broadcasting system yesterday.

The state-run broadcasting company will start full-fledged satellite broadcasting in October.

ROK: NCNP Demands 'Overall Renovation' of Local Autonomy System

SK3006083196 Seoul YONHAP in English 0833 GMT 30 Jun 96

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — The opposition National Congress for New Politics (NCNP) on Sunday demanded the overall renovation of the local autonomy system.

In a party rally held at the National Assemblymen's hall to mark the first anniversary of the introduction of the full local autonomy system, the party called for the strengthened power of local autonomy body heads and local councils and the introduction of a local police system.

The rally, in a resolution, urged the ruling camp to stop "trying to destroy" the local autonomy system.

The opposition party claimed the ruling camp, for instance, has been harassing opposition heads of local autonomy bodies by investigating them without any tangible suspicion.

The resolution said a genuine divisive local autonomy system should be realized by expanding the right of local autonomy body heads and bolstering local finance.

NCNP head Kim Tae-chung told the rally his party would surmount the ruling camp's attempt to scale down or destroy the local autonomy system and concentrate on rooting and developing the system.

ROK: Lawmakers Submit Bill Limiting Changes in Party Affiliation

SK0107031696 Seoul YONHAP in English 0255 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — A group of freshman and second-term opposition lawmakers submitted a bill designed to prevent newly elected lawmakers from changing their political affiliation before the new National Assembly is formed.

The proposed amendment to the Public Posts Election and Election Fraud Prevention Law would require lawmakers-elect to forfeit their seat if and when they secede from or change their party affiliation before the new legislative is formed.

The bill was signed by 25 lawmakers including Reps. Yi Sang-su and Cho Song-chun of the National Congress for New Politics, Ku Chon-so of the United Liberal Democrats and Che Chong-ku of the Democratic Party.

The move came amid the prolonged political impasse over the opening of the National Assembly, caused by the ruling New Korea Party's recruiting 12 newly elected opposition and independent lawmakers to obtain a parliamentary majority.

Under the current law, provisions banning secession from or change in party affiliation apply only to lawmakers elected on the national proportional representation system.

The election of national representation lawmakers is nullified when they bolt from or change their parties for reasons other than the merger or dissolution of the parties they are affiliated with or expulsion by the parties.

This lacks equilibrium, the revision bill proponents pointed out.

Under the proposed revision bill, independent lawmakers-elect won't be able to join a political party until the formation of a new legislature.

ROK: Seoul Mayor Urges Government To Support Local Autonomy

SK0107071996 Seoul YONHAP in English 0656 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Seoul Mayor Cho Sun called for the support of the central government and the political circles Monday for helping the local autonomy take root.

"To resolve difficult urban issues accummulated over decades, we should settle in the local autonomy system at an early date. To that end, real efforts are needed on the part of the central government and the political circles," Cho said in a press conference held to mark his first year as mayor of the capital.

The maintenance and management of urban facilities in the capital, he said, require not only the citizens' efforts, but "due consideration and support from the central government and the political circles from the perspective of state management."

Cho cited the establishment of official discipline, the implementation of a three-year city administration program, and the resolution of a labor dispute with the union at the Seoul Metropolitan Subway Corp. as achievements of his past year in office.

On the transportation problem, which has required much of his time and energy in recent months, Cho said, "It is significant that emphasis on the city's transportation policy has shifted from the supply of facilities to curtailing car use."

The Seoul mayor declined to discuss the future of his political life, saying, "I think it is a task of the times and the mission of the mayor to lay a foundation for the long march of local autonomy."

Cho was elected mayor on the opposition Democratic Party's ticket, but subsequently quit the party to "immerse" himself in work.

ROK: Kim Tae-chung: Next President Should Form Coalition Cabinet

SK0207070696 Seoul YONHAP in English
0657 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — President Kim Tae-chung of the main opposition National Congress for New Politics said Tuesday the next president should form an all-party coalition cabinet during the second half of the current 15th National Assembly to cleanse the nation from the political evils accumulated over the past half century.

Speaking as a guest lecturer at the alumni meeting of the top management program of Sogang University School of Business Administration, the opposition leader claimed the rule of the country by the men from a specific area has brought about benefits to that area only, excluding all the other areas from such benefits.

Asked if his party would not repeat the past regimes' mistakes when it grabs power in next year's presidential election, Kim said that not only the New Korea Party but also the United Liberal Democrats would join the all-party coalition cabinet to keep the people hailing from a specific area from "monopolizing power."

He thus stressed the need to form a coalition cabinet of all parties and all areas.

His remarks were considered a suggestion that he will oppose constitutional amendments intended for the introduction of a cabinet system of government until the presidential election late next year but will offer to form an all-party coalition cabinet after the presidential election.

Asked if he would run again for the presidential election next year, he said he would make a decision toward the end of the year, taking into consideration all things related to the matter.

ROK: Retired General Accuses Chon Tu-hwan of Mutiny

SK2806031496 Seoul THE KOREA HERALD
in English 28 Jun 96 p 3

[FBIS Transcribed Text] A retired Army general testified in court yesterday against jailed former President Chon Tu-hwan, accusing Chon of committing mutiny to seize power in 1979.

"It was indisputably a mutiny," Yun Song-min, former deputy army chief of staff, said of Chon's arrest of the martial law commander on the night of Dec. 12.

He was the first prosecution witness to testify in the trial over the 1979 coup and the subsequent military crushing of an uprising in Kwangju five months later.

Yun added that Chon, then a two-star general, had not obtained prior approval from the President for the arrest of Chong Sung-hwa, who was also army chief of staff.

Then President Choe Kyu-ha gave the ex-post-facto consent early next morning after the defense minister countersigned a report submitted by Chon.

The "Dec. 12 incident" was staged in the political vacuum following President Pak Chong-hui's assassination at the hands of his intelligence chief, Kim Chae-kyu, in October.

After the incident, Chon secured control of the military and rapidly rose to power.

The former martial law commander, Chong, was also called to testify, but his testimony was postponed.

He met briefly, however, with reporters, and accused Chon of lying over the 1979 military rebellion.

"Chon deceived the people into believing that he was wholly in charge of the investigation (into the assassination of Pak)," he said.

He maintained that he only delegated part of the investigative right to Chon, who was heading the Defense Security Command.

Chong refuted Chon's assertion that he was involved in the Pak assassination.

"It is absurd to allege that I could be implicated in the assassination simply because I was near the scene," the former martial law commander said.

"At that time I did not know in advance about the dinner Pak was hosting. Although there were cracking noises of two or three gunshots, I decided that it wasn't a matter I had to come out in person to take care of," he said.

ROK: General Testifies on 'Self-Defense Rights' in Kwangju

SK0107071696 Seoul YONHAP in English
0651 GMT 1 Jul 96

[FBIS Transcribed Text] Seoul, July 1 (YONHAP) — Gen. Yi Hui-song, ret., who served as martial law commander during the armed suppression of Kwangju citizens' pro-democracy uprising in May 1980, said Monday the invocation of the self-defense rights for his troops deployed in Kwangju at the time was "meaningless," because before the self-defense rights were invoked the troops had already been supplied ammunition for occasional gunfights with citizens.

Yi was testifying at a hearing on the role of former President Chon Tu-hwan in the armed suppression held at the Seoul District Court. Chon was the head of the Defense Security Command at the time.

He defended his action, saying he announced the invocation of the martial law command's self-defense rights to inform the Kwangju citizens and the people of the country as well about the "seriousness of the situation" so that the situation could be settled without armed conflict.

Former Defense Minister Chu Yong-pok hinted at Chon's influence in naming Gen. So Chun-yol as army combat arms training commander to replace Yun Hung-chong during the Kwangju incident.

He testified that martial law Commander Yi had told him about his consultation with Chon before So's appointment as new army combat arms training commander.

Former President Choe Kyu-ha was summoned to testify at the hearing. But he did not show up.

But former Prime Minister Sin Hyon-hwak, former Chief Presidential Secretary Choe Kwang-su and three others testified in Monday's hearing.

ROK: Former Prime Minister Testifies Against Chon, No at Trial

SK0207015396 Seoul YONHAP in English
0142 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, June 2 (YONHAP) — Former Prime Minister Sin Hyon-hwak testified against former Presidents Chon Tu- hwan and No Tae-u who were tried on mutiny and treason charges Monday [1 July].

Appearing as a witness at the Seoul District Court's hearing on the army incident on Dec. 12, 1979, Sin said the arrest of then Army Chief of Staff Gen. Chong Sung-hwa by Chon and his cronies without the president's prior approval was "a revolt against a superior."

But he added that Chon and his men had not forced, nor intimidated the president into consenting to Chong's arrest.

Former Chief Presidential Secretary Choe Kwang-su said that when Chon, No and their followers moved to set up an extraordinary government body by invoking the presidential right to take emergency measures, then President Choe Kyu-ha opposed their move and even called No to Chongwadae [presidential offices] to dissuade him from the move.

As a result, Chon and his company changed their mind and set up the Special Committee for National Security Measures as a presidential advisory body, he added.

U Kuk-il, former chief of staff of the Defense Security Command (DSC), said the Dec. 12 army incident was "clearly a mutiny," for the following reasons: First, the leaders of the so-called new military elite did not return to their outfits and stayed on at DSC headquarters even after chief of staff Chong's arrest, and second, DSC commander Maj. Gen. Chon told him that the Kyongbok Palace meeting of army officers loyal to Chon was for troop movements (for Chong's arrest) and the Sinchon meeting of army generals loyal to Chong was to segregate the generals from Chong.

Meanwhile, the CHOSON ILBO reported U testified that the DSC, which was then investigating the assassination of President Pak Chong-hui, concluded at an investigation meeting presided over by Chon on Nov. 1, 1979, that then Central Intelligence Agency Director Kim Chae-kyu failed in his attempt to grab power from Pak because he slew Pak single-handed and because Chong ordered Kim's arrest, indicating that the new military elite led by Chon knew that Chong was not involved in the assassination.

This squarely contradicts Chon's claim that the army Dec. 12 incident was an accidental armed conflict that occurred in the course of taking Chong to the DSC to question him about whether he was involved the assassination of Pak.

ROK: Choe Kyu-ha Refuses To Comply With Summons for Testimony

SK2806104396 Seoul YONHAP in English
0837 GMT 28 Jun 96

[FBIS Transcribed Text] Seoul, June 28 (YONHAP) — Former President Choe Kyu-ha on Friday refused to comply with a court summons to testify as a witness at the 18th trial session of former Presidents Chon Tu-hwan and No Tae-u and their followers on mutiny and treason charges slated for next Monday.

In a statement submitted to the Seoul District Court by his lawyer Yi Ki-chang, Chon said he has decided to adhere to the policy of not testifying about the Dec. 12, 1979, and May 18, 1980, incidents, as in the cases of the 1988 parliamentary hearings on the two incidents and the prosecution's request for such testimony last year.

The decision is based on his conviction and philosophy regarding the presidential duties and obligations, Yi added.

A former president explaining or testifying about the things he did in the course of fulfilling the responsibilities assigned to him by the constitution and other laws while in office may cause problems for future presidents, he said.

Chon refused to comply with the prosecution's request for testimony about the two incidents on two occasions last year for the same reasons.

ROK: Variety of Changes in Financial Sector Effective in Jul

SK0107021096 Seoul THE KOREA TIMES in English 1 Jul 96 p 1

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] This month, a wide variety of financial changes will take place as the government implements its preannounced liberalization programs.

Among the major changes will be the complete disappearance of investment finance companies, which were established in the 1970s to bring curb market dealers into the organized formal market, as all remaining 15 firms will become merchant banks handling banking, securities, leasing and international finance business.

Today, the futures transaction act will also go into effect, thus setting the stage for the creation of the nation's first financial and commodities futures exchange.

Multinational enterprises such as Citibank, Coca Cola and IBM will be able to issue local currency-denominated bonds here beginning this week. Also the Korea Nonbank Deposit Insurance Corp. (KNDIC) will double the amount it will pay to depositors in nonbank financial firms to 20 million won per depositor in case of collapse of its member financial firms.

The KOSDAQ (Korea Securities Dealers Automated Quotation) Securities Co. will be launched this week with the purpose of facilitating the brokering of over-the-counter (OTC) stocks not listed on the Korea Stock Exchange.

From today, insurance companies will no longer be regulated in the amount of insurance money they can pay to subscribers as the death insurance ceiling of 500 million won will be scrapped. Depending on the contract between insurance companies and policyholders, insurance money can be paid beyond the current 500 million won ceiling upon the death of policyholders, the Ministry of Finance and Economy said.

Exporters will be able to receive up to 15 percent of their prices in advance money from foreign importers before shipment of goods, up from the current 10 percent limit. Shipbuilders will be able to receive up to half of the contracted amounts, before delivery of ships, from foreign shippers.

From August, automobile insurance firms will be given more freedom in setting the premiums they charge drivers. Insured drivers dying in traffic accidents will now be able to provide beneficiaries a maximum of 30 million won in insurance money, double the current amount.

Insured motorists will be able to get insurance money of up to 10 million won when they are injured in traffic accidents, up from the current six million won limit.

Sometime in the second half of this year, holders of gift certificates will be able to get up to 40 percent of the face value of their certificates refunded in cash after buying goods, double the current limit.

Gift certificates will be issuable at discounts on their face value or their sale may be entrusted to agents. In addition, the resale of gift certificates will be allowed.

After expiration of the maturity of gift certificates, holders will be able to get 90 percent of the face value amount refunded, up from the current 70 percent limit, the Ministry of Finance and Economy said.

In September, banks and merchant banks will jointly contribute capital to establish a money brokerage house. By the end of this year, foreign fund managers will be allowed to issue beneficiary certificates here.

Koreans and resident foreigners here will be able to buy, up to a limit, beneficiary certificates issued by foreign fund management companies. No limits will be placed on the use of funds Korean firms overseas borrow outside Korea, it said.

In October, a yen-won foreign exchange market will be set in motion. Currently, only the won-dollar foreign exchange market exists.

ROK: Kim Yong-sam, Economic Ministers Review Forecasts

SK0207081396 Seoul YONHAP in English
0710 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — The government revised its earlier projection of the current-account deficit for this year twice as much upward to 11 billion to 12 billion U.S. dollars at an expanded economic ministers' meeting chaired by President Kim Yong-sam Tuesday.

But the forecasts of the 7.0- to 7.5-percent economic growth and the 4.5-percent inflation for the year were kept intact.

The current-account shortfall for the first half of the year is estimated at 9 billion dollars, and the deficit for the entire year is expected to top 11 billion to 12 billion dollars. The trade deficit is expected to amount to 4 billion to 4.5 billion dollars, and invisible trade and unrequited transfer are estimated to incur a total shortfall of 7.5 billion dollars.

The gross domestic product (GDP) is estimated to have grown 7.5 percent on a year-to-year basis in the first half of the year, and the pace is expected to slow down a bit amid slowing exports and capital investment in the second half. The yearly growth rate, however, is expected to be somewhere between 7.0 and 7.5 percent, as projected earlier.

Consumer prices rose 3.8 percent on a year-to-year basis in the first half, and the new education tax, utility charges rises and seasonal factors, such as typhoons, are expected to cause the pace to exceed the year-end target of 4.5 percent in the third quarter. In the final quarter, however, the harvest of farm crops and stabilized prices of manufactured goods and utilities will push down the inflation rate to the 4.5-percent level.

ROK: Kim Yong-sam Urges Increased Economic Competitiveness

SK0207043996 Seoul YONHAP in English
0334 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — President Kim Yong-sam instructed economic ministers Tuesday to make an all-out effort to reinforce the nation's economic competitiveness availing themselves of the opportunity presented by the country's current economic difficulties.

"The economic troubles we face now must be utilized as momentum for resolving a host of impending economic tasks such as the stabilization of labor-management relations, management reform on the part of businesses, restraining excessive consumption by some citizens and enhanced government productivity," Kim said.

The chief executive was speaking at a Chongwadae [presidential offices] meeting of economic ministers, at which Finance and Economy Minister Na Ung-pae and Trade, Industry and Energy Minister Pak Chae-yun reported on the direction of economic management during the latter half of the year and ways of strengthening the competitiveness of export industries, respectively.

Although some success was attained in bringing about a soft economic landing during the first half of the year, Kim pointed out, further efforts should be exerted to stabilize prices as a means of enhancing the competitive edge of export industries. The polarization of business conditions between large and small industries must also be addressed, he added.

Kim called upon unionized workers to refrain from demanding excessive wage hikes on the one hand, and management on the other to minimize conflicts with unions by opening management to them and giving them accurate information about the business situation.

Referring to the trend of overconsumption on the part of some citizens, Kim said, "When the national economy is in trouble, one should be able to refrain from indulging in luxury and wastefulness including indiscreet overseas tours."

Kim instructed the administration to "elevate flexibility in the labor market and rectify the high cost-demanding structure of interest rates and transportation at an early date to boost economic competitiveness."

The administration's efforts to increase its productivity like management reform at public corporations and deregulation should be further accelerated, Kim added.

Also attending the meeting were agriculture, Forestry and Fisheries Minister Kang Un-tae, Information and Communications Minister Yi Sok-chae, Environment Minister Chong Chong-taek, and Health and Welfare Minister Kim Yang-pae.

Labor Minister Chin Nyom, Construction and Transportation Minister Chu Kyong-sok, Science and Technology Minister Chong Kun- mo, First State Minister for Political Affairs Kim Tok-yong, Fair Trade Commission Chairman Kim In-ho, Small and Medium Business Administrator Yi U-yong and Chief Presidential Secretary Kim Kwang-il were also on hand.

ROK: MOTIE: Oil Prices To Increase by 7.66 Percent on Average

SK3006080696 Seoul YONHAP in English 0652 GMT 30 Jun 96

[FBIS Transcribed Text] Seoul, June 30 (YONHAP) — Factory delivery prices of gasoline and other oil products will be raised by 7.66 percent on the average beginning Monday, July 1, due mainly to the education tax assessed newly on oil products.

The Ministry of Trade, Industry and Energy [MOTIE] reported Sunday the delivery prices of gasoline, kerosene, diesel and bunker- C will go up by 10.3, 6.69, 8.9 and 5.35 to 5.7 percent, respectively.

Their consumer prices, too, will be increased by 8.67 percent on the average to reflect rising crude oil import prices as well as the new education tax, according to the report.

Gasoline, for instance, will sell to motorists at 707 won per liter instead of 641 won as now.

The oil price increase will have the effect of pushing overall producers prices by 0.4845 percent and consumer prices by 0.1552 percent, the ministry said.

Burma

Burma: Army Uses 300 Forced Porters To Carry Ammunition, Food

BK0807051796 Bangkok THAILAND TIMES in English 8 Jul 96 p A2

[Report by Atsawin Phinitwong]

[FBIS Transcribed Text] Tak — More than 300 Burmese have been used as porters for government troops moving from Lang Spoi army headquarters to Pa Pun city in the southeast of Burma, Thai border officials said yesterday.

Burmese troops from the 202th Battalion, 103th, 107th and 211th Infantry Divisions have used forced porterage of local people including ethnic Karen and Muslims in their movement.

The porters were used to carry troops ammunitions and food supplies from Lang Spoi village to Pa Pun, which is located about 200 miles north of the border headquarters, Thai officials said.

The movement of Burmese troops followed an order by the State Law and Order Restoration Council (SLORC), the ruling junta in Rangoon. But, sources said the intention of the troops movement was unclear.

Over 300 porters and about 2,000 Burmese soldiers from four battalions were seen moving northward recently, sources said.

It is expected the forces' movement would take about two weeks on foot due to rough conditions of roads in the Burmese border areas.

Burmese people, who live along the route, reportedly had to offer food to the troops and porters as troops could not find enough food supply for themselves and the porters, sources said.

Burma: Suu Kyi Says Actions of Junta Only Strengthen NLD Support

OW0807160096 Tokyo KYODO in English 1509 GMT 8 Jul 96

[FBIS Transcribed Text] Yangon, July 8 KYODO — Myanmar [Burma] pro-democracy leader Aung San Suu Kyi said Monday the ruling military junta's efforts to undermine her political activities over the past year have only stymied public support for her National League for Democracy (NLD) and strengthened the party.

"The party is stronger and the public support is stronger," Suu Kyi told KYODO news in summing up political developments in the wake of her release last July 10 after six years of house arrest at her home in Yangon.

In an apparent effort to thwart a national NLD convention, the junta, also known as the State Law and Order Restoration Council (SLORC), in May arrested more than 260 NLD members, most of whom had been elected in the May 1990 general election which the junta refuses to recognize.

Suu Kyi, daughter of Burmese independence hero Aung San and winner of the 1991 Nobel Peace Prize, said the mass arrests and the junta's refusal to open dialogue with the opposition show "the truth of my words that the SLORC has done nothing toward democratization."

She said one of the "achievements" of the NLD is to have proven that point. "At the same time, what we have achieved is the reconsolidation of the NLD. It is precisely because the party has become stronger and more active," she said. NLD officials have said that the junta pressured detained NLD members to leave the party.

Suu Kyi, who has spoken to her supporters from her compound every weekend since her release, said another reason for rising public support for the NLD is the country's dismal economic situation.

"I think that is again because people now realize the SLORC has not been able to achieve economic success for the country as a whole. They have achieved economic success for a very very small group of people," she said.

"The economy is bad-shaped. Inflation is very high, rice prices are particularly high," she added.

In another effort to suppress political dissent, the junta last month decreed a new law that prohibits any attempt to derail the ongoing national convention, which is drafting a new constitution, and bans writing and publication of a state constitution without authorization.

The NLD congress had decided to write its own constitution.

Violations are punishable with prison terms ranging from five to 20 years and dissolution of any party organization involved.

Suu Kyi dismissed the law as "totally unnecessary."

She also urged tourists to stay away from Myanmar, the former Burma, to demonstrate disapproval of the junta, which has proclaimed 1996 the "visit Myanmar year."

"We are totally against the visit Myanmar campaign, we do not want anybody to support this... Because this is tantamount to supporting authoritarianism in Burma," she said.

She also reiterated that official development aid and investment should be withheld from the country until tangible progress is made toward more political freedom.

Burma: Article Says Aung San Suu Kyi Committing Treason

BK0907042496 Rangoon KYEMON in Burmese 2 Jul 96 p 5

[Articel by Di Hlaing: "If Still Alive"]

[FBIS Translated Text] The white master, Gene Sharpe [name as transliterated], has said that political defiance could be overt and covert. He noted covert activities to be an underground revolution and important. These are the secret printing and distribution of pamphlets, clandestine broadcasting, and intelligence gathering.

Actually, political defiance could be defined as a mixture of BCP's [Burma Communist Party] underground activities, Western spying, and the individual's destructive acts. It is a wonder why these actions that could destroy a country and create a bloodbath, are defined as nonvoiolent methods.

Gene Sharpe has also urged the rejection of the government's change in attitude and compliance as a result of political defiance. That was why during the disturbances [of 1988] the formation of a caretaker government was called for even though the Burma Socialist Program Party Government had given in. Gene Sharpe only encourages coercion [preceding word rendered in English] and disintegration [preceding word rendered in English].

What is important about political defiance is that it calls for the destruction of the armed forces and the police, and it acts to decimate the armed forces. To destabilize law and order the armed forces and the police must be destroyed because only they can maintain law and order.

Well, look at the techniques of destroying the armed forces — separate the military and the government, and influence the soldiers to come to the side of democracy. The same should be done with the police and the civil service. These methods were used during the 1988 disturbances.

There is one restriction imposed by Gene Sharpe — that the military must not be allowed to do anything against the government. Now that is a bit confusing. In further clarifing his views, Gene Sharpe rules out the use of the military to achieve democracy as the military is incapable of delivering genuine democracy. It is clear that one must be a puppet to achieve democracy.

That is why the move by the military, which took over power on 18 September 1988, to achieve genuine multiparty democracy became unacceptable. In other words, the military should be exploited but should not be given any role.

Who can achieve democracy? Who is striving for the development of democracy? The neocolonialists teach the rejection of the military's role in achieving and developing democracy. Indeed, the methods used to install puppet regimes and to put people under servitude are amazing. To object against and to refuse to acknowledge the military's good deeds is to follow the West's neocolonialist instructions.

Methods of political defiance used to install puppet regimes are complicated and broad. Gene Sharpe was only one step short of claiming that the downfall of the Burma Socialist Program Party government was due to political defiance. He prescribes the rejection of military takeovers after the formation of a new government and to continue with defiance if there is such a takeover.

A constitution is needed once the government has collapsed. Gene Sharpe has accepted the fact that a constitution is needed for the new country but it must be tailored to one's needs.

How shall one write it? Rules and restrictions should be imposed to curb the police, the intelligence services, and the military from political interference. An old democratic constitution written after gaining independence could be reused with amendments. This is the reason why some people wanted to revive the 1947 Constitution. The National League for Democracy [NLD] had proclaimed in the Gandhi Hall Declaration of 29 July 1990 that they had already written a draft constitution and did not support the SLORC's [State Law and Order Restoration Council] attempt to write one. Why? The answer is clear — because of Gene Sharpe's preaching.

Gene Sharpe defined the defense policy of a democratic government as follows: "A newly independent nation could be threatened with external aggression and it must have the strength to face such a threat. It could also face economic, political and military domination. Serious consideration should be given to applying methods of basic political defiance for national defense if one wants to prolong democracy. The power to defend the country must be put in the hands of the people and the public must have the power to exercise it. Then, newly independent nations will not need a powerful military."

For the daughter-in-law's [derogatory reference to Aung San Suu Kyi] group, which is following Gene Sharpe's preachings, the slogan "the country will be strong only if the military is strong," would definitely not appease them. They would also avoid including the military's role in the constitution. This proves their obvious rejection of the sixth national convention objective "for the defense services to be able to participate in the national political leadership role of the future state."

In fact, the National Convention, which is a historical requirement, could decide the fate of the future Myanmar [Burma].

Look at the actors that were on Myanmar's political stage. Thakhin Nu was a rightist while Thakhin Soe was a leftist. In the peace talks sponsored by the Revolutionary Council Government in 1963, Thakhin Soe proposed a National Convention to solve the internal strife and wanted military representatives up to the rank of sergeant to be included in the talks. In the 1968 National Reconciliation Advisory Board report, Thakhin Nu also proposed a National Convention to solve the internal strife.

The National Convention materialized only during the SLORC Government era and its broad delegate base included armed insurgent groups from the jungles who were always on the dark side of life. During the discussions their desires were made known. NLD delegates could also see the importance of the National Convention.

After her restrictions were lifted, why did the daughter-in-law withdraw NLD delegates from the National Convention and systematically started political defiance activities?

1. It is because of the power-craze of the daughter-in-law and the sarong-clinging group. It is very hard to cure the power-craze disease.

2. To put the Myanmar people under servitude like you [Aung San Suu Kyi]. If the masters are well experienced, the slaves will not be aware that they are enslaved.

In fact, what the daughter-in-law has is doing amounts to treason and it is clear she is following the West's instructions step by step. * The public is aware of all this and they are supporting the SLORC and strongly denouncing the daughter-in-law's group. Do not antagonize the country and the people to try to satisfy your power-craze disease.

If you really want to be your father's daughter, abandon all these acts and show some consideration for your father. If only General Aung San were still alive....

Burma: Article Calls Marrying Foreigners 'Race-Destruction Act'

BK0407100196 Rangoon MYANMAR ALIN in Burmese 30 Jun 96 p 6

[Article by Chan Mye Khin: "Want To Shout From the Road Junction"]

[FBIS Translated Text] I have wanted to write this for a long time, but I was unable to do so. I was inspired to write this after reading Ma Shwe's article on 28-5-96.

My mother, who would be over 100 years old if she were still alive, once asked, "Hey, where are Thakhin Aung San's [Aung San Suu Kyi's father] children and what are they doing?" I answered, "Mother, they live in England and I heard they are married to English people." My mother said, "Oh — what kind of kids are they? I am very sad to know that they have discarded their father's country to live in England and marry the English. They have no regard for their father or their country. If only Thakhin Aung San were alive, I do not know whether he would kill or exile his daughter who married an Englishman."

My mother told us when we were young that U Phan was a head coolie, a colonial era usage, engaged in carrying sand and gravel from the Shwebo canal. A lady laborer named "Ma San Set" was in his laborer group. Ma San Set was attractive and had a pleasant personality. An English officer, who knew a little Burmese, approached U Phan and said he wanted "Ma San Set."

U Phan said, "Hey, Ma San Set, the Englishman is giving preference to me and my work. I know he is doing it because of you. I feel bad and I do not agree. You do not like him because he is from another race, so why don't you quit this job?"

Ma San Set replied, "My goodness, I couldn't even work peacefully as a coolie and now that this Englishman is after me I cannot continue to work. Uncle Phan, I cannot become an Englishman's wife so I am quitting my job tomorrow. I would rather sell roasted beans and jaggery. It would be more dignified than being a foreigner's wife and rich."

The poor Ma San Set's spirit is commendable. She knew that she would be rich and her life would be secure if she had married the English officer, but she still preserved her country and her own status. We should be proud of her strong will.

I feel, today's Myanmar [Burmese] ladies do not think of Ma San Set as an example, but instead envy Ma Suu Kyi. I see frequent advertisements in the newspapers about Myanmar ladies marrying English, American, and other foreigners with parental consent. Their parents might think it is prestigious to be married to a foreigner and I do not know whether they can feel proud of their race and religion.

I do not know they feel that marrying a foreigner like Ma Suu Kyi, the daughter of a national leader, is a prestigious act, or if it makes them feel great, proud, and able to use foreign things, or if they think the English and the Americans are better.

I would like to shout from the road junction, Myanmar ladies do not envy the race-destruction act!

Burma: Resignation of NLD's 'Elected Representatives' Viewed

BK2906125396 Rangoon MYANMAR ALIN in Burmese 27 Jun 96 p 3

[Article by Byatti: "We Resigned of Our Own Free Will; So What?"]

[FBIS Translated Text] My political colleague visited me at home on 18 June. He is not from Yangon [Rangoon]. He is from a province and has no relatives in Yangon. When he was an elected representative [ahmat nain], a guest house and car were usually arranged for him whenever he came to Yangon.

Not long ago I saw his name in a newspaper. Now don't think that his name appeared in an obituary. The news was that he was resigning from the National League for Democracy [NLD] because he no longer had any desire to continue with party politics. He was also resigning as an elected representative of the assembly. It is not new and he was the only one. There were also others who resigned one by one. Elected representatives have resigned in the past, they are resigning now, and they will continue to do so in the future. Why?

The so-called party leaders—crooked masters of the politburo gang—control the party and increasingly use it for their own benefit. As time passes, their misdeeds get worse. It is like a maxim: As the moon rises, the derangement of a lunatic increases. Their increasing madness and misdeeds gradually depart from the people's desire. In the final stage, it has not only led to a simple separation between their increasing madness and misdeeds, and the people's desire, but made them opposed to each other.

The party is drowning in shallow water. The genuine people's representatives keep quiet and nod their heads under the foolhardiness and injudicious acts—conceit, grudge, selfishness, casual behavior, and display of one-person heroic show—of a woman who is known as a dictatorial party leader [referring to Aung San Suu Kyi]. Like a maxim: Becoming a slave of a person after eating his rice; the whole party came under the influence of one person. It is not surprising.

The key persons and spokespersons of the party cannot distance themselves from the Commonwealth Garden [referring to Suu Kyi's house]. It is necessary to know how the general expenses of the party that is financially suffering, like an AIDS victim, has been acquired. It might have been paid by a star of democracy [withakha ma gyi; referring to Aung San Suu Kyi]. The democratic star did not pull the money out of a hole in the ground for general expenses. It is also certain that the democratic star did not win the underground or the state lottery prizes. If you think carefully then you will know how, and where, the money for the general expenses has been acquired.

No one can deny the fact that she has considerable influence over the party. This is because she controls the lifeline that ensures the existence of the party. The ordinary party members and the people do not know about this.

She said she represents the people, she values and gives importance to the affairs of the people, and she will work for democracy. These are said to make the people feel good. Her words and deeds are inconsistent and contradict each other.

The democratic star cannot hear the true voices of the people. She thinks her one-acre Commonwealth Garden is like an empire upon which the sun never sets. She took the obsequious comments from free loaders, who find some pretext to enter her garden, as truth. She thinks the members of pavement gang represent the public on Saturday and Sunday. The democratic star is wrong in thinking this.

The elected representatives who move among the people understand the situation and realize it is not too late for them. They began to despise the act of having to keep quiet, nodding their heads, and being abused politically in the party. They then realized the downgrading of their personal life and started to find an answer. This is the reason that the elected representatives resigned.

These were the feelings of the elected representative who was visiting my home. The democratic star commented on the resignation of the elected representatives saying that it was not proper and then defended her thunderous comments. With a touch of a woman, she tried to save her dignity with exaggeration and comments about the resignations as if the resignations were not approved by the party nor the public.

Let us talk about this matter. The members might have joined the party of their own free will, or they might have been persuaded to join the party, or perhaps they joined the party because there was something there that impressed them, or they had faith in the party, or they had ulterior motives. There were no restrictions on age and education to join the party. The people who wanted to join did not have to produce any certificate of their good moral conduct, nor a national registration card. The members did not have to sign an agreement saying how long they would be working for the party. It was said that the members could resign with the consent of the public. From which public should the consent be sought? If the consent was sought today, then public dictum says that elected representatives should have resigned long ago. The democratic star does not understand the public's affection and love for her.

How did she get the post of party leader? Did she not take this post by force, in the same manner that the Indian money lenders forcefully collected their capital and interests? Is she recognized by the Multiparty Democratic General Elections Commission as a party leader? We have to rethink whether her appointment as party leader was actually proposed by the public.

The majority of elected representatives know that the NLD has only its name and that it has no life. Not witchcraft nor black magic can make the NLD become alive again. If witchcraft and black magic are effective, then the NLD will become the lowest creatures, such as apparitions, ghosts, ghouls, and goblins.

Not one of the resigned elected representative miss the mother party or personnel of the party. They can now eat and sleep well. Before they were paranoid at seeing a garbage collector collecting trash in front of their house, because they thought the garbage collector was from a member of the intelligence in disguise spying on them. They could not sleep at night, because whenever they heard dogs' barking they thought somebody had arrived at their doorstep to take them away. They are now spared from their sleepless nights.

The people who believe in truth and turned their back on the party politics bravely told me this: We resigned of our own free will; so what?

Burma: Article Views 'Consequences' of Power Transfer to NLD

BK0407090796 Rangoon KYEMON in Burmese 1 Jul 96 p 5

[Article by Di Hlaing: "If You ?re Brazen Enough"]

[FBIS Translated Text] Western political experts have noted that Political Defiance [PD] is a method of bringing down dictatorial regimes; but the Soviet-led Eastern Bloc said that actually PD methods caused their disintegration. Although Myanmar [Burma] practiced socialism, it was not a member of any socialist bloc and did not rely on anyone. If powerful Warsaw Pact countries can disintegrate, then what of a self-reliant socialist state like Myanmar?

The West, using democracy development as an excuse, managed to crumble the East Bloc during the Cold War. They let the countries crumble, for the important thing was for their allies to gain power. Gene Sharpe [political expert] noted the August 1991 Russian coup led by hard-liners was unsuccessful because non-violent methods were the dominate methods. The world knew that tanks fired at the parliament building. Right or wrong, is firing from tanks a non- violent means?

PD activity, no matter how you define it — political defiance, non-violent method, confrontation, power defiant policy, public struggle — is to oppose, intimidate, and bring down the government without armed struggle. Once the government is toppled you will gain power, you can do what you want to do, and you can crush the opposition, that's all.

The nation survived the socialist era with no substantial support from the West or the East Bloc, but after a time, it weakened. They were also facing a lot of enemies — armed and unarmed opposition, leftists and rightists, overt and covert local and external destructionists. The 1988 disturbances became a venue for the UGs [Underground Communists] and the PDs [political defiant persons] to try to gain power by using democracy as an excuse, when the socialist government was unable to control the country.

If the socialist government was, shall we say, toppled by the PD method with the blind participation of the people, then who would be the government? Who would take over power? Who would govern Myanmar, which is on the verge of destruction and disintegration? Who has the qualifications to govern the country? Should we hand over power to PD murderers who commented on the beheadings? Should we ask the Gay Association to form a government? Or should we call on the Elementary Teachers Association?

Were the Four Greats — U Nu, U Aung Gyi, U Tin Oo, and Daw Aung San Suu Kyi — united at that time? Were they able to form a government? The war of the Four Greats would have started there and then if only they had guns.

As anarchy and violence became rampant, the Defense Services had to take control of the country. To whom could they hand over power? There were lots of power mongers. Gene Sharpe's method was not to accept a military coup and to continue the struggle so what did they do next?

They demanded elections, so elections were held. They said the elections were free and fair, only because they won. If they had lost they would say the military government rigged the elections. After the elections there arose the problem of handing over power. Some say that this was the main problem. Yes, indeed it was.

Have you thought about what would have happened had power been handed over to the National League for Democracy [NLD] after the elections? People from the democratic forces know that, apart from the military, how can a civilian government govern the country without a constitution?

Some have remarked that you become a parliamentarian one day, convene the parliament that same day, and the issue the Constitution [preceding word published in English] the next. There is nothing more to it, so adopt [preceding word published in English] the Constitution [preceding word published in English] after legally approving [preceding word published in English] it, so you will be a legal government the day after tomorrow. This is a very selfish idea to gain one's interest.

The NLD already has a draft constitution and they will try to approve, ratify, and utilize it. They have also discussed plans to relocate the War Office to Indaing [about 30 miles from Rangoon] to prevent further coups, to oust military officers above the rank of lieutenant colonel from the Defense Services, to decrease the strength of the military by 25 percent, and to become allies with the West.

The following would happen if power were handed over to the NLD:

1. They would ratify an unknown constitution.

2. They would control, destroy, and reform the Defense Services according to Gene Sharpe's methods.

3. According to Gene Sharpe's democratic state philosophy, the military does not to be strong; but the people must be able to defend the country so pocket armies would then emerge.

4. At that time, the end of May 1990, there were only a few armed insurgent groups that had made peace with the SLORC [State Law and Order Restoration Council]. The Defense Services were still negotiating peace with other groups and these peace initiatives could be jeopardized.

5. Relations with the People's Republic of China would deteriorate due to the policy of heavy reliance on the West.

Furthermore, during the campaign, the NLD leaders made pledges to other parties and political forces, shared parliamentary seats, and let candidates run under the banner of the Khamauk [traditional hat and NLD party symbol]. Mos. elected representatives have also violated regulations.

The most important factor was not having a constitution. The daughter-in-law [derogative reference to Aung San Suu Kyi] knew that. That was why the daughter-in-law made the following speech at the meeting between the NLD and the United Nationalities League for Democracy held at No. 393, first floor, Bo Aung Gyaw Road, on 15 July 1989; "The elections will be held after 10 months, but the matter of power transfer is not clear. What I understood was that the SLORC spokesmen told foreign journalists that they need to ratify a constitution before handing over power."

The daughter-in-law knows too much. Daw Aung San Suu Kyi herself has accepted that it is not possible to hand over power without a constitution. Why is she adamantly seeking the transfer of power? It is clear, she is afraid she might not get it once the constitution is ratified. Moreover, the stealthily written constitution is useless.

So the acts of the daughter-in-law's group is clear. They are blindly following orders from the West, which come through her husband. The people are not accepting that, they are vehemently rejecting and angrily opposing it. The daughter-in-law might notice the mass rallies and then sense whether or not the public would accept it. May I remind you that if you insist on brazenly staying, you will have to face the peoples' consequences.

Burma: NLD Member of Parliament From Thaton Resigns

BK0507150996 Rangoon TV Myanmar Network in Burmese 1330 GMT 5 Jul 96

[FBIS Translated Text] U Than Maung of the National League for Democracy [NLD] who was elected a member to the People's Assembly in Thaton Township Constituency-2, Mon State during the Multiparty Democratic General Elections, citing old age and poor health, submitted his resignation out of his own volition, and withdrawing as elected representative.

The Multiparty Democratic General Election Commission has accepted his resignation effective today in accordance with Section 11, Subsection E of the People's Assembly Election Law.

Burma: Bo Mya Appointed Democratic Alliance Chairman

BK3006103196 Bangkok THE SUNDAY POST in English 30 Jun 96 p 4

[Unattributed Report]

[FBIS Transcribed Text] Tak — The chairman of the National Council of the Union of Burma, Gen Bo Mya was elected chairman of the Democratic Alliance of Burma [DAB] yesterday during a five-day special meeting of DAB members in Burma.

Forty-six representatives from 18 democracy groups reportedly attended the meeting in Pha Toei Village, opposite Umphang District of Tak, starting yesterday to follow up on Burmese politics.

National League for Democracy [NLD] leader Aung San Suu Kyi was one of the key figures participating at the meeting.

Members of important democracy groups including the NLD, the National Coalition Government of the Union of Burma and the National Democratic Front also joined the meeting, as well as those from several other overseas-based groups including the Overseas Burmese Liberation Federation, the Burmese Students Union in Australia, and the Overseas Karens Organisation.

Participants at the meeting are expected to continue to support Aung San Suu Kyi's political movement against the State Law and Order Restoration Council.

The previous meeting of DAB members was held at the same place on May 8-15.

Burma: Ex-Prisoner Views Death of Honorary Consul in Insein Jail

BK0807042796 Bangkok THE NATION in English 8 Jul 96 p A1, A3

[Report by Yindi Loetcharoenchok]

[FBIS Transcribed Text] A former Burmese political prisoner from the notorious Insein prison has expressed his willingness to give testimony about the poor conditions he suffered to four European/Nordic countries which are pressing for tougher measures, including economic sanctions, against the Burmese junta.

Win Naing Oo, who was arrested late at night on May 20, 1990 and summarily sentenced to three years' imprisonment for allegedly being in contact with an outlawed exiled student group, has just finished a small booklet called "Cries from Insein" in which he describes the abusive treatment, rampant corruption and widespread human rights violations committed by the Burmese authorities.

In the book, he also talked to and drew experiences from other former Insein prisoners incarcerated during the early 1970s and whose accounts revealed a surprisingly similar story to present-day conditions.

Win Naing Oo said he strongly believed that the poor conditions, the physical and mental harassment and mistreatment could be the real cause for the sudden death late last month of James Leander Nichols, a former honorary consul general for Denmark, Finland, Norway, and Switzerland.

The four European countries strongly protested when the Burmese junta arrested Nichols, an Anglo-Burmese, in April and abruptly sentenced him to a three-year jail term for possessing two telephones and one fax machine without permission.

The Europeans unsuccessfully petitioned for his release, citing his poor health and expressed their concern that he might not survive the harsh jail conditions.

Nichols' untimely death drew strong condemnation from the West, especially Denmark, which subsequently announced its decision to lobby the European Union to impose economic sanctions on the ruling Burmese State Law and Order Restoration Council (SLORC).

Win Naing Oo said he would contact embassies of the four European countries to provide testimony of his time in detention at Insein, which is Burma's largest and oldest prison still in use. He has also already sent copies of his book to the United Nations and Geneva-based International Committee of the Red Cross.

The former student of the Rangoon Institute of Technology believes Nichols, who was the godfather and close confidant of popular opposition leader Aung San Suu Kyi, must have been locked up in a special quarter for top political prisoners, where Suu Kyi's political colleagues U Kyi Maung and U Tin Oo were held before their release.

Win Naing Oo, who took part in the 1988 pro-democracy uprising, said he, like many other detainees, suffered a mental breakdown following severe and brutal physical and mental torture during intensive interrogation sessions by the Burmese Military Intelligence 14 (MI14), which seized him from his house in the middle of the night.

To weaken and demoralize him, MI14 officers deprived him of food, drink and sleep for three out of the four days of questioning he was subjected to. They also covered his head with black cloth throughout his detention and often shouted, threatened, kicked, slapped and hit him with sticks.

On May 25, he was summarily sentenced by a military tribunal to three years' imprisonment, but instead of going straight to Insein, he was taken away by MI6 for more interrogation — an unusual practice as convicts normally go straight from trial to prison.

Although Win Naing Oo said he saw the faces of the MI6 officers who questioned and tortured him, he can now barely recall them because he was already broken down, both physically and mentally, by the time he arrived at MI6 headquarters in the Mingaladon area, north of Rangoon.

"They [MI6 questioners] are young Burmese between 25 and 30 years of age. They did their job wholeheartedly," Win Naing Oo said, describing how the intelligence officers were verbally abusive and used psychological and physical punishment in order to extract information.

Afterwards he spent one year in solitary confinement in Insein before being moved to communal quarters for another year. The 36-year-old said he and 100 other inmates were later moved to Thayet Prison in Northwestern Magwe Division because jail authorities considered them "troublemakers".

There he suffered another year of solitary confinement.

He described himself looking like a "skeleton" when he was released in November 1992.

Although Win Naing Oo now lives in Bangkok, he said his bad memories and experiences in jail still haunt him these days, especially when he sleeps.

While he might look physically healthy from the outside, he is obviously nervous most of the time.

He said he continues to have nightmares and wakes up at night screaming as a result of the "brutal physical and nerve-breaking torture".

In his introduction to his booklet, Win Naing Oo said he wrote it "to increase the level of awareness in the international community to the atrocities that happen in Burmese prisons".

"I decided to write this book about mine and other people's experiences in 1974 and 1975 because this is something which happened both 20 years and five years ago. I believe it will continue along the same track in the future," he said.

Burma: KNU Commander To Attend Truce Talks With Junta

OW2806125796 Tokyo KYODO in English
1223 GMT 28 Jun 96

[FBIS Transcribed Text] Bangkok, June 28 KYODO — Myanmar's [Burma's] rebel Karen National Union (KNU) on Friday [28 June] sent an 11-member delegation led by Supreme Commander Gen. Tamla Baw to continue dialogue with the ruling State Law and Order Restoration Council (SLORC), according to a KNU statement.

The delegation left KNU headquarters at Kawthoolei, 10 kilometers from the Thai border town of Thasong Yang in western Tak province, for Moulmein, capital of Mon state, where the fourth round of truce talks is expected to resume, according to rebel sources.

The KNU mission will then proceed to Yangon for higher-level talks with the junta.

"The KNU has engaged the SLORC in dialogue, with integrity and a firm position as a basis. We hereby reaffirm that we will continue to hold dialogue with the SLORC...for a peace settlement," the KNU headquarters said in the statement.

The SLORC reportedly agreed to halt its offensive against the KNU during the latest round of talks in April. The junta is thought to favor a cease-fire agreement with the KNU, Myanmar's largest ethnic minority, which has been fighting for autonomy for more than 40 years.

KNU leader Gen. Bo Mya said in late January he would like to achieve a genuine political dialogue with the SLORC and not just a cease-fire agreement.

The KNU, which first took up arms against the Yangon government in 1949, lost its headquarters at Manerplaw to government troops in January 1995, and its Kawmoora stronghold fell a month later. It engaged in peace talks for the first time in December last year.

A total of 15 armed groups of ethnic minorities have signed cease-fire agreements with the SLORC.

Burma: KNU Sends Delegation To Hold Talks With SLORC

BK3006093996 (Internet) BurmaNet News in English
26 Jun 96

[Press Statement issued by the Department of Information of the Office of the Supreme Headquarters Karen National Union Kawthule on 18 June — place not given]

[FBIS Transcribed Text] In continuation of dialogue between the Karen National Union (KNU) and the State Law and Order Restoration Council (SLORC), the KNU Headquarters has sent a delegation consisting of members as mentioned below:

(1) Gen. Tamla Baw, Head of Delegation; (2) Mahn Sha Dar Phan, Deputy Head of Delegation; (3) Saw David Taw, Member; (4) Saw Thamain Htoon, Member; (5) Mahn Aung Tin Myint, Member; (6) Saw Zaw Naung, Chief of Office Staff; (7) Mahn Chit Sein, Joint Chief of Office Staff; (8) Saw Min Htoo, Documentation; (9) Saw Nyi Nyi, Documentation; (10) Saw Gyee Ji, Medical Office; (11) Saw Sheh Per All-round Assistant

The Union of Burma still lacks peace and stability. It is vitally necessary for all the political forces involved in the political affairs of the Union to resolve problems, with profound farsightedness, through the process of dialogue. Accordingly, the KNU has engaged the SLORC in dialogue, with integrity and a firm position as a basis. We hereby reaffirm that we will continue to hold dialogue with the SLORC time and again for a peaceful settlement.

Burma: Junta, Karen National Union Hold Peace Talks

BK2906105396 Bangkok BANGKOK POST in English 29 Jun 96 p 2

[Unattributed Report]

[FBIS Transcribed Text] Mae Sot, Tak — Another round of peace talks are underway between the Karen National Union (KNU) and the Burmese regime at the latter's headquarters at Moulmein, a border official said.

Representing the KNU are members of the Standing Central Committee Maj-Gen Tamlabaw and Joint Secretary-General Mahn Shar Lar Phan.

An unidentified KNU official said strong cooperation from both sides is needed to bring about a breakthrough in the peace process.

The KNU is ready to negotiate with the Burmese military government in a straightforward manner.

The talks are expected to focus on the prospect of a permanent ceasefire agreement between the two sides.

If a ceasefire cannot be reached, the junta may designate exclusive zones where KNU soldiers would be permitted to carry weapons.

The source said the government's proposed project to lay a gas pipeline from the Yadana area in the Andaman Sea may also be raised for discussion as it is likely to affect more than 400,000 Karen residents living on the Thai-Burmese border.

Meanwhile, at least 10 people were killed and scores injured in the second day of heavy fighting between KNU troops and renegade Democratic Karen Buddhist Army (DKBA) forces opposite Tha Song Yang district of this northern province.

The pro-government DKBA began its first round of attacks yesterday on the KNU's Bophawta Camp headquarters. Three 81mm mortar shells also fell near Ban Nong Bua.

— Border checkpoints in Mae Hong Son town and Mae Sariang districts could open early next month, Mae Hong Son Governor Somchet Wiriyadamrong said yesterday.

Entry regulations have been drawn up to control Burmese merchants who will be allowed into the municipality on a day pass basis to buy goods. However, the traders can request a three-day pass in the event of emergencies such as illness, he said.

Rangoon is considering a proposal to allow Thai traders into Khun Sa's former Ho Mong bastion, which is 5km from the border.

Mr Somchet said Lt-Gen Thanom Watcharaphut, the Third Army commander, is to open the Ban Huai Phung checkpoint in the town on July 2 and the Ban Sao Hin checkpoint in Mae Sariang on July 9.

The governor, however, expressed concern about long-term problems and urged the Joint Border Demarcation Committee to complete its work quickly.

Burma: DKBA Launches Offensive To Regain Camp From KNU

BK3006111096 Bangkok THAILAND TIMES in English 30 Jun 96 p A2

[Report by Atsawin Phinitwong]

[FBIS Transcribed Text] Tak — The Democratic Karen Buddhist Army (DKBA) yesterday attacked the Karen National Union (KNU)'s stronghold, hoping to retake the Pulupaw camp from the KNU, border officials said yesterday.

Early morning yesterday, DKBA troops launched a strong offensive to take back the camp from the KNU, attacking the KNU with over ten rounds of artillery.

But the KNU later caught the DKBA offguard by sending several rounds of mortar fire to the DKBA while they were busy cooking.

Border sources said DKBA troops had earlier asked the Burmese troops to back them up in their operation to take back the Pulupaw camp.

Meanwhile, a source in Myawadi said Burmese troops have continuously tried to get both the DKBA and the KNU to the negotiating table on grounds of brotherhood.

Burmese troops have prepared to invite the leaders of both factions to come out to talk and reach a compromise.

Meanwhile, four people died and six were injured in clash in which the DKBA had mistaken the victims as KNU soldiers in a place, opposite Tha Song Yang district in Tak province.

The scene of the clash was about 50 meters away from Pulupaw camp. The six injured were sent to the hospital in Mae Ta Waw camp.

Thailand's Naresuan Task Force has stationed more soldiers to thwart any further attempt by rebel Burmese forces to disturb the peace at the border.

Burma: Thirty-Three Rebels Return to ‘Legal Fold’ in May

BK2806160996 Rangoon Radio Myanmar in Burmese 1330 GMT 28 Jun 96

[FBIS Summary] The radio carries a two-minute report on the return of rebels to the legal fold between 19-31 May 1996.

The report says five members of a jungle-based Karen armed group, six members of the All Burma Students' Democratic Front armed group, and one member of the Burma Communist Party returned to the legal fold in the Southeast Military Command Region, and they brought in one home-made gun, one .38 pistol, one 9-mm pistol, one AK medium machine gun, one AK-47 automatic rifle, one M-79 launcher, three hand grenades, and one Icon-brand walkie-talkie.

The report also says one member of the Chin National Army returned to the legal fold in the Northwest Military Command Region. A total of 13 rebels returned to the legal fold between 19-31 May. A total of 33 rebels returned to the legal fold in May. The responsible personnel at the military camps warmly welcomed them and provided them with needed assistance.

Burma: Anti-Muslim Disturbances Reported

BK0407132596 (Internet) BurmaNet News in English 3 Jul 96

[Unattributed Report dated 3 July]

[FBIS Transcribed Text] On June 20, 1996 at seven in the evening, Than Oo, son of U Ba Cho (deceased) from Sakantha Ward picked a fight with a shopkeeper and his sister who were selling betel nut pun [quid of betel nut] at the Muslim neighborhood east of the main Kalaw market. Than Oo was drunk. Than Oo made insulting comments about Muslims which led to a fight between Than Oo and the shopkeeper and his sister. The owner of the Taw Win tea shop (Buddhists) came out to settle the fight. Than Oo left and returned with about 30 persons from Sakantha Ward, which is about two blocks away. They started throwing stones and shouting insults at Muslims. Several of the shops are owned by Muslims but all the shop owners came out when the fight broke out. Polil??intervened. Several people, including the pun shopkeeper and his sister were taken to hospital. Than Oo was unconscious for two days but rumours that he was dead, spread.

According to Tommy Aung, a resident of Kalaw, a former NLD [National League for Democracy] member, who was arrested for a month during 1988 and was tortured (scars on his legs), anti-Muslim campaign papers were widely distributed during the week of June 11 in Kalaw, Pindaya, Pinglon and Ywa Ngwe. These papers were distributed through the students by three persons from Kalaw, U Kyaw Nyein, U Than Tun and U Soe Win, the Ward LORC [Law and Order Restoration Council], Board of Trustee and Chairman of a private owned cooperative shop, all were members of the previous BSPP [Burma Socialist Programme Party] and current members of the NUP [National Unity Party]. The three distributors followed the 30 persons from Sakantha Ward and watched the fight. U Soe Win instead of reporting the matter to the concerned authorities, reported the matter to Taunggyi Eastern Command that the Muslim\Buddhist disturbances had broken out. Sakantha Ward is a slum area where illicit liquor is brewed and traded. The above mentioned three and the Sakantha people were not arrested. Those arrested were those at the shops and restaurant owners, their workers and friends.

List of Detainees: (8 Muslim, 2 Buddhist) 1. Beta, 2. U Kyaw Aye, 3. Nga-Inn, 4. Ko Latt, 5. Khin Maung Swe, 6. Kyaw Kyaw, 7. Myo Naing (Chinese), 8. U Kyaw Nyein, 9. Than Tun, 10. [name not given]

Muslim shops were ordered to be closed by 6.00 pm every evening. Tommy stated that everybody knows everyone in Kalaw. The Muslims and the Buddists lived together for a long time without any problems. Most Buddists are ashamed that the incident took place. However, up to today, Muslim shops and houses get stones thrown at them during the late evenings. No curfew has been ordered but the shops are closing early and nobody stays out late anymore. U Tommy said that this incident was to divert the people's dissatisfaction of forced labour for the railroads, roads and rising of food prices. Most people at Kalaw are eating one meal a day. They have to work for themselves as well as working for the government projects.

The attachment is the Anti-Muslim campaign paper which was distributed on the week of June 11.

"The confidential distribution of the report is to strengthen the National Spirit of the Burmese Muslims."

Addressing the Muslim community of Burma, the note stated that the Muslim must buy and eat things which is marked (786) [Islamic symbol used in Burma] and where a crescent is shown according to the Islamic custom.

The (786) when added together equals 21 and in the twenty-first century, the Muslim will be the top religion in the world.

NOTE: It is prohibited to buy or eat together with foreigners such as Burmese, Shans, Chinese, Rakhine

[Arakanese], Karen or eat from places which are not marked (786).

In Burma, the Islamic religion has become very strong. Those who are not economically strong will have to work in Burma and earn their livelihood. The surest way to build up Islamic force is to marry Burmese Buddhist women who lack moral.

(Extracts from the Islamic Religion Publication; ref-pg 500, 280 and 30)

The future expansion of Islam [Subhead]

Addressed to the Islamic force: Burma is now corrupted, therefore our people here in Burma must be united and have a strong foothold in this country. Even if we have to leave this country (Burma), our blood will still flow through our sons.

The Burmese Buddhist women can easily be obtained like prostitutes. It is the best way for the Islamic to seduce the Burmese Buddhist women and the Burmese citizens wholeheartedly by means of money and economically. The most important thing is to impregnate our blood into their veins. Anyone who can impregnate their blood into a Burmese Buddhist woman will be awarded Kyat [Burmese currency unit] 500. If four women are impregnated, the mosque will provide a monthly award of K [Kyat] 1000. The awards of K20,000 for a Buddhist woman who holds a degree or is the daughter of a military officer; K50,000 for a military officer's daughter who holds a degree. Human makes profit from human and this way Islam will last long in Burma. Money support is no problem. Mujahhedin government will provide 5 million Sterling Pounds every month. Please contact the mosque if there are any accomplishments.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Mexico Agrees To Improve Economic, Political Ties

BK0307132596 Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Jul 96 p 5

[Unattributed report]

[FBIS Translated Text] Kuala Lumpur, 1 July — Malaysia and Mexico have achieved agreement in efforts to upgrade ties in areas affecting the economy and politics, and on other regional and international issues.

Foreign Minister Datuk Abdullah Ahmad Badawi said the agreement reached was the outcome of several earlier ministerial level meetings where issues on relations and others of mutual interest were discussed.

He said Malaysia and Mexico also have strong economic relations. Two-way trade was recorded at RM [Malaysian ringgit] 1,036 million in 1995.

Apart from continuing to build good ties, the minister said the two governments are making efforts to enhance them.

Speaking at a news conference after the meeting with Mexican Foreign Affairs Minister Dr. Angel Gurria at his office here today, the minister said: "Mexico and Malaysia have the opportunity to enhance ties in the future, given their mutual interests."

During the meeting, Abdullah said both countries reached agreement on several issues, particularly on the avoidance of double taxation, and investment guarantees.

According to him the agreements were concluded so that both countries will remain united in facing regional issues within the G- 15 [Group of 15 developing countries], APEC, and also on decisions made by the United Nations.

Speaking at a joint news conference, Dr. Gurria said Mexico will upgrade ties with Malaysia as it is aware of the numerous long-term opportunities available for the two countries.

He added the existing relations could be enhanced given the fact that there are good and established political ties, and that these are not just for cooperation within the G-15 and APEC.

He said: "Mexico desires to establish good relations with Malaysia because we consider it a good source of trade and wish to acquire its expertise in privatization."

He added that he saw Malaysia's assistance and expertise as important for the successful privatization of highway projects, telecommunications, airport construction, and the rapidly expanding chemical industries.

Dr. Gurria also assured the Malaysian Government that Mexico economy is good and developing rapidly, and that it is conducive for investments despite its bad economic record.

He said: "I assure Malaysian investors that Mexico's economy is good and that there are thousands of foreign investors now in the country. The economy is developing and trade has risen by 20 percent over the past three years, while inflation has declined."

Malaysia: Mexican Foreign Minister Ends Visit, Leaves for Jakarta

BK0207103296 Kuala Lumpur Voice of Malaysia in English 0800 GMT 2 Jul 96

[FBIS Transcribed Text] Mexican Foreign Affairs Minister Dr. Angel Gurria left Kuala Lumpur today after a three-day official visit to enhance bilateral relations between Mexico and Malaysia.

During his visit, he met Prime Minister Datuk Sri Dr. Mahathir Mohamed and held talks with Foreign Minister Datuk Abdullah Ahmad Badawi on bilateral, multilateral, and international issues of common interest.

Malaysia and Mexico have agreed to sign avoidance of double taxations and investment guarantee agreement to boost bilateral trade and investment.

Dr. Gurria's next stop is Jakarta. He will also visit Thailand, Singapore, and Japan.

Malaysia: Mahathir Receives Mexican Foreign Relations Secretary

BK0107084096 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 1 Jul 96

[FBIS Transcribed Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed received Mexican Foreign Relations Secretary Angel Gurria at his office in Kuala Lumpur this morning. Mexican Ambassador to Malaysia Ricardo Villanueva and Sergio [surname indistinct], director general of the Asia-Pacific Affairs Division of the Mexican Secretariat of Foreign Relations, were also present during the courtesy call.

According to Hamidah Mohamed Yusof, officer in charge of special duties attached to the prime minister's department, Dr. Gurria briefed Datuk Sri Dr. Mahathir on Mexico's economic development. The Mexican secretary also expressed his country's interest in taking part in joint venture projects in Malaysia.

Dr. Gurria arrived in the nation's capital yesterday for a three- day official visit to enhance bilateral relations between Malaysia and Mexico.

Malaysia: Uruguayan President Arrives for Official Visit

BK0207105696 Kuala Lumpur RTM Television Network 3 in Malay 0530 GMT 2 Jul 96

[FBIS Transcribed Text] Paramount Ruler Tuanku Jaafar headed an official welcoming ceremony for Uruguayan President Julio Cesar Sanguinetti at the Parliament Ground this morning. Her Majesty Tuanku Najihah, Prime Minister Datuk Sri Dr. Mahathir, and the prime minister's wife Datin Sri Dr. Siti Hasmah were also on hand to welcome the state guests. The national anthems of both countries were played by the Royal Malay Regiment's musical band led by Lieutenant Norman Kamaruddin. Dr. Sanguinetti later inspected a guard of honor comprising 103 members of the First Battalion of the Royal Malay Regiment led by Major Rafii Sharif. The state guests were then introduced to cabinet ministers and foreign diplomatic representatives. Prime Minister Datuk Sri Anwar Ibrahim and his wife were also present.

Earlier, Dr. Sanguinetti and his wife were greeted by Foreign Minister Datuk Abdullah Ahmad Badawi upon their arrival at Sultan Abdul Aziz Shah Airport in Subang at 0600. Agriculture Minister Datuk Amar Sulaiman Daud, as minister in attendance, was also present. Dr. Sanguinetti is on a four-day visit to Malaysia at the invitation of Tuanku Jaafar.

The Uruguayan presidential delegation comprises 55 members, including ministers, senior officials, and businessmen. Dr. Sanguinetti and his delegation are scheduled to visit the Economic Planning Unit of the Prime Minister's Department and the Proton car plant in Shah Alam. The Uruguayan president will also witness the signing of several Malaysian-Uruguayan memorandums of understanding before leaving for Montevideo on Saturday.

Malaysia: Foreign Minister Holds Talks With Uruguayan Counterpart

BK0307151896 Kuala Lumpur UTUSAN MALAYSIA in Malay 3 Jul 96 p 4

[Unattributed report]

[FBIS Translated Text] Kuala Lumpur, 2 Jul — Foreign Minister Datuk Abdullah Ahmad Badawi said Malaysia wants ASEAN to strengthen its economic cooperation with the Mercosur group of countries consisting of Argentina, Brazil, Paraguay, and Uruguay in South America.

He said Mercosur is a regional group which is active in economic development.

Speaking to reporters after receiving a courtesy visit from Uruguayan Foreign Minister Alvaro Ramos at his office here today, he said: "Since they only concentrate on economic activities, it is definite that there would be numerous benefits if economic cooperation between ASEAN and Mercosur were to be strengthened."

He stated that his meeting with his Uruguayan counterpart not only touched on bilateral cooperation between Malaysia and his country, but also on an effort to further strengthen relations between ASEAN and Mercosur.

Visit

Ramos is accompanying Uruguayan President Dr. Julio Maria Sanguinetti who is currently on a four-day visit to Malaysia beginning today.

Abdullah said several issues were discussed pertaining to Uruguay-Malaysia bilateral relations.

He added that the issues involved included joint venture construction infrastructure development projects between the Malaysian and Uruguayan private sectors, as well as cooperation between the two countries in their fight against drugs.

He said he told Ramos that Malaysia has expertise and experience in the construction sector. In fact, Uruguay is considering implementing the country's infrastructure projects.

He stated that Uruguay is willing to accept private companies from Malaysia based on appropriate and applicable formulas in accordance with the joint venture concept.

The minister further stated that there was a need for several agreements to be concluded early for the benefit of the private sectors of both countries.

Regarding the fight against drug smuggling, he said a joint effort was important because the problem has no boundaries.

Opportunity

The minister said that Malaysia was willing to provide Uruguay with the opportunity to study the existing form of legal procedures in the country, and the methods and actions undertaken by Malaysia in dealing with the issue.

Abdullah also stated that Malaysia wants to continue to extend its cooperation with regard to the restructuring of the United Nations including its Security Council. He said Malaysia was of the opinion that developing nations' considerations should be taken into account and not brushed aside.

Malaysia: State Airline Begins Flight Service to Vientiane

BK0207130296 Kuala Lumpur NEW STRAITS TIMES in English 1 Jul 96 p 10

[Unattributed report]

[FBIS Transcribed Excerpt] Kuala Lumpur, Sun. — Malaysia Airlines will fly to its 114th destination to Vientiane, Laos, from tomorrow.

Acting public affairs controller Fadhilah Mustaffa said today the flight to the new destination, Malaysia Airlines' fourth this year, is scheduled to depart from the Sultan Abdul Aziz Shah international airport at 9.20am [0120 GMT].

She said the airline's vice-president for sales Rashid Khan will lead a delegation including local and foreign journalists and travel trade representatives, on the inaugural flight.

Malaysia Airlines will operate twice weekly flights to the Laotian capital on Mondays and Fridays using its Boeing 737-400 jetliner.

"The journey will cover three hours, including a 50 minutes stopover in Phnom Penh, Cambodia," Fadhilah said. [passage omitted]

Malaysia: Scientists Working Overseas Return Home

BK0307064196 Kuala Lumpur THE STAR in English 3 Jul 96

[Report by P. Bala Kumar — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — The Government's efforts to bring back Malaysian scientists working abroad have begun to bear fruit with the return of 16 scientists.

Science, Technology and Environment Minister Datuk Law Hieng Ding said yesterday three of them had joined the Malaysian Institute of Microelectronics System (MIMOS) while 13 had been taken in by various research institutions.

"We are processing the applications of 14 others who are working abroad and have also received 47 enquiries from our scientists working abroad," he said.

Speaking to reporters after opening the 19th ASEAN sub-committee on meteorology and geophysics meeting yesterday, Law said the Government had recruited one foreign scientist to work in MIMOS while 19 others had made enquiries.

Law said the Government was confident that many more Malaysian scientists would return from overseas.

He said in order to facilitate the intake of Malaysian scientists, the Public Services Commission had given powers to the secretary-general of the ministry to process their applications.

"I have also been invited to attend the Cabinet committee meeting on foreign workers to discuss the recruitment of foreign scientists. We are going to make some proposals to the committee," he added.

There are more than 60 Malaysian scientists working in Japan and about 200 more in the United States.

On ASEAN, Law said the regional grouping should initiate action to further quicken the pace of development of meteorology, geophysics and other related fields.

"The region must be prepared to commit more of its resources to combat disasters, hazards and geophysical calamities," he added.

Malaysia: Minister Announces Army Regional Command Restructuring

BK0307135196 Kuala Lumpur NEW STRAITS TIMES in English 2 Jul 96 p 9

[Report by R.V. Veera]

[FBIS Transcribed Text] Kuala Lumpur, Mon — The four army divisions have been restructured into regional command headquarters to ensure better defence and security of the various States under their jurisdiction.

Effective today, the defence and security of Perlis, Kedah, Penang, Perak, Kelantan and Terengganu will come under the Northern Command based in Penang.

The Southern Command will look after Johor, Melaka, and Pahang, while the Central Command will be responsible for the Federal territory of Kuala Lumpur and Selangor.

The Eastern Command is tasked with the defence and security of Sabah, Sarawak and the Federal Territory of Labuan.

Announcing this today, Defence Minister Datuk Syed Hamid Albar said each of the commands will be headed by a major-general.

"This move is to ensure the army's command and control system will be more effective in defending the nation's sovereignty and integrity," he said.

"This restructuring will transform the army into a compact and credible force with its role and functions in line with the challenges of the 21st century and beyond," he added.

He was speaking to newsmen after declaring the operational status of the Fourth Malaysian Infantry Brigade which has been transferred to the Northern Command during a parade at Kem [camp] Wardieburn in Setapak.

Mej Jen [Major General] Datuk Abdul Kadir Nordin leads the Central Command, Mej Jen Datuk Ghani Yunus is Southern Command chief, Mej Jen Datuk Abdul Aziz Hassan heads the Eastern Command and Mej Jen Datuk Hashim Mohamed Amin is responsible for the Northern Command.

Syed Hamid said the armed forces would need to change its defence and security mechanisms in light of the economic and industrial development activities transforming the country between now and 2020.

In this context, one of the armed forces' strategies is to build the army into a more credible force, he said.

This would require a paradigm shift currently being experienced by the army as it changes from a force fighting the communist insurgency to conventional warfare, he added.

"The army of the future needs to be versatile, lethal and mobile," said Syed Hamid.

Earlier, the Minister said the move to transfer the Fourth Malaysian Infantry Brigade from Kuantan to here was to protect the country's Federal capital as well as commercial and industrial development in Selangor.

He also said the move would enable the army to forge closer ties with the large population in the Federal Territory of Kuala Lumpur and Selangor.

Malaysia: Companies Sign Electricity Purchase Agreement 3 Jul

BK0407080996 Kuala Lumpur THE STAR in English 4 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur: Tenaga Nasional Bhd [Limited] and Bakun Hydro-Electric Corporation Bhd signed yesterday the power purchase agreement which was originally scheduled for last Friday but postponed following legal uncertainties.

Energy, Telecommunications and Post Minister Datuk Leo Moggie, who witnessed the signing ceremony, said the event should be taken as the cue for work on the Bakun hydroelectric dam project to progress without delay.

Last week, the signing was postponed amid uncertainties of whether work on the RM [Malaysian ringgit] 13.6 billion project should proceed following a High Court decision that the process of approving the environmental impact assessment was invalid.

On Saturday, however, the Court of Appeal suspended the High Court's declaration following an appeal by developers Ekran Bhd.

Moggie said the signing scheduled for last week was postponed because Tenaga and Bakun Hydro-Electric wanted time to look at the actual text of the agreement.

"The Government is satisfied that there are no effects (of the court case on the agreement) and gave the green light to the two parties to proceed with the signing," he said.

He said the agreement signed was "identical in wording and contents" to the one which was scheduled for last week, adding that there was no clause in the agreement which referred to the court case.

The purchase agreement was for Tenaga to buy electricity at a rate of 16.5 sen [cent]/kwh [kilowatt] for the first five years and 17 sen/kwh for the next 25 years, said Moggie.

Tenaga is scheduled to supply power to consumers by 2003, he said.

The signing was also witnessed by Science, Technology and Environment Minister Datuk Law Hieng Ding.

Tenaga, with a 25 per cent equity in the project, will buy about 70 per cent of the supply from the 2,400 megawatt hydroelectric project.

Singapore

Singapore: Outgoing Envoy Views 'Fine' Relationship With U.S.

BK0307052896 Singapore THE STRAITS TIMES in English 3 Jul 96

[Report by Julie Power in Washington — recevied via Internet]

[FBIS Transcribed Text] Singapore's Ambassador to the United States, Mr. S.R. Nathan, has completed his term confident that the fundamentals of the bilateral relationship are sound, and past differences are "nearly a memory".

In an interview with THE STRAITS TIMES last Friday, he dwelt on bilateral ties, relations between China and the US, changes in the US since he took up his post in 1990 and whether Singapore has a role in promoting Asian values abroad.

He summed up Singapore's ties with the US with this report card: "The relationship is fine. The fundamentals are good."

As for "atmospherics", as he referred to the caning incident involving American teenager Michael Fay and the Christopher Lingle affair over an article for which the academic was found guilty of contempt of court, Mr. Nathan said he regarded such issues as "irritants", but these had decreased. They "have taken a certain eminence, but they are also gradually fading away", he said, adding: "The fundamentals of the relationship — whether it's defense, whether it's trade, whether it's cooperation in international or regional affairs — they're all very sound."

Singapore: Official: 'Little' Progress on Issues at WTO-MC Meeting

BK0307063696 Singapore THE STRAITS TIMES in English 3 Jul 96

[Report by Chan Hwa Loon — received via Internet]

[FBIS Transcribed Text] There is still little progress on an array of trade issues confronting the World Trade Organization (WTO), as its inaugural ministerial conference (MC) to be held here draws near, said Trade and Industry Minister Yeo Cheow Tong on Monday.

"Much more needs to be accomplished if the WTO Ministerial Conference in December is to go beyond the ceremonial," he said.

Mr. Yeo was speaking at a ministerial meeting in Lausanne organized by Switzerland to discuss the priority issues being considered by the WTO. The two-day conference is a follow-up to another ministerial meeting held in Vancouver last November.

He noted that some developments since the Vancouver meeting had "given us cause for concern". He cited as examples the results of the negotiations on basic telecommunications and maritime transport services.

There were high expectations that the successful conclusion of these negotiations would boost confidence in the WTO and pave the way for a substantive MC, he said.

"Instead, the outcomes, coming in the wake of the financial services negotiations, were disappointing and have cast a cloud over the multilateral trading system."

Mr. Yeo, who also participated in the Vancouver meeting, noted that several new issues had since been mooted and that opinions remained divided on whether they should be included in the agenda of the MC.

These issues included investment, competition policy, government procurement and labor standards.

But he expressed confidence that such differences could be reconciled, and a consensual approach evolved "with constructive engagement through frank and open dialogue".

In that regard, he commended WTO director-general Renato Ruggiero for initiating a process of informal consultations on these issues with the heads of delegations (HODs) in Geneva, where the WTO is headquartered.

"The Geneva-based process of informal consultations with HODs will be an important forum for this purpose."

Mr. Yeo also pointed to two other recent developments — besides the informal consultations — which "offer a more optimistic outlook".

One was that the agenda for the December MC had begun to take shape. There was, for instance, a broad consensus that a review of the implementation of the UR [Uruguay Round] Agreements would be an overarching priority.

The other positive development was "the significant strides" that had been made in some areas such as the establishment of the Committee on Regional Trading Arrangements.

Before the Lausanne meeting, Mr Yeo attended another international trade conference in Washington organised by the Institute for International Economics which discussed the topic of The World Trading System: Challenges Ahead.

Both conferences aim to deepen the exchange of views on current as well as emerging global trade issues which are likely to appear on the agenda of the WTO-MC.

Mr Yeo was accompanied by senior officials from the Trade and Industry Ministry and Foreign Ministry, as well as the Trade Development Board and the Economic Development Board.

The two-day Lausanne meeting ended yesterday.

Singapore: Minister Concerned Over Failed Telecom, Maritime Talks

BK0307091096 Singapore BUSINESS TIMES in English 3 Jul 96

[Report by Yang Razali Kassim — received via Internet]

[FBIS Transcribed Text] Singapore has expressed disappointment over failed talks to open up global telecommunication and maritime services under the framework of the World Trade Organization.

With the first WTO Ministerial Conference (MC) in Singapore just five months away, the Republic described the failure as a "cause for concern." Trade and Industry Minister Yeo Cheow Tong said the impasse has "cast a cloud over the multilateral trading system."

Mr. Yeo said: "There were high expectations that the successful conclusion of these sector-specific negotiations would boost confidence in the WTO and pave the way for a substantive MC in December.

"Instead, the outcomes, coming in the wake of the financial services negotiations, were disappointing and have cast a cloud over the multilateral trading system."

He was speaking as chairman of the Singapore MC at a WTO Ministerial Meeting in Lausanne, Switzerland, on Monday. The two-day meeting, called by the Swiss, discussed priority issues being considered by the WTO. Before this, Mr. Yeo attended an international conference in Washington to discuss the future direction of the world trading system.

Talks to deregulate world maritime transport were last week suspended until 2000 following an impasse between the United States and other parties. The new date overlaps the first round of global negotiations aimed at opening up further the General Agreement on Trade in Services.

Earlier reports say Friday's decision to postpone the maritime services talks was a third setback for the WTO, following the failure to open up telecommunication and financial services, with the United States blamed each time.

The Singapore MC will be the first time the WTO is meeting at the official, ministerial level to shape the long-term agenda of the world trade body.

Several new controversial issues have been mooted including investment, competition policy, government procurement, and labor standards. Opinion also remains divided on whether these new issues should be included in the WTO agenda, said Mr. Yeo.

Such divisions could be reconciled if WTO members can muster the political will to make the WTO negotiations a success.

In this context, the start of informal consultations among heads of delegations in Geneva has been a significant development, Mr. Yeo said.

The consultations were initiated by WTO director-general Renato Ruggiero.

Mr. Yeo said: "We are poised at an important juncture on the road to Singapore. Barely five months separate us from the Singapore Ministerial Conference.

"Much has transpired over the past few months by way of meetings and conferences in capitals, and preparatory activities in Geneva. Much more needs to be accomplished if the conference is to go beyond the ceremonial."

Singapore: PRC Ambassador Expects Closer Relations in Future

BK0407074196 Singapore THE STRAITS TIMES in English 4 Jul 96

[Report by Choo Li Meng — received via Internet]

[FBIS Transcribed Text] Sino-Singapore cooperation, an important component of China's cooperation with South-east Asia, will grow further in the 21st century and beyond, the Chinese ambassador to Singapore said last night.

"Closer cooperation between China and Singapore contributes to the prosperity of our region and the world as a whole," Mr. Fu Xuezhang told a forum organized by the Bukit Batok Community Club.

"China and the Asean countries have not only coordinated and supported each other on international political issues, but also maintained close consultations and coordinations in such regional forums as the Asia-Pacific Economic Cooperation, the Asean Regional Forum, and the Asia-Europe Meeting," he said.

"They have also started the exploration of the possibility of cooperation on major issues ... for example, the development of the Mekong River Basin and the construction of the Asia-Europe railway network."

On future Sino-Singapore relations, Mr. Fu pointed to "many favorable conditions" that would help in the further development of these ties.

"Friendly relations of mutual confidence" have been established over the past six years, since the two countries established diplomatic ties, he said, and this contact is strengthened by frequent and in-depth exchanges of views between their leaders. Bilateral trade and economic cooperation have been built on a strong foundation and now serve as the engine for further progress in ties.

China, which has intensified its efforts to develop the central and western areas, will create more opportunities for Singapore entrepreneurs seeking to regionalism.

Currently, Singapore is the seventh-largest trading partner of the mainland and the fifth-largest investor there.

Last year, bilateral trade amounted to US$6.9 billion (S[Singapore]$9.7 billion), a 36.6-per-cent increase over 1994. By the end of last year, Singapore investors had committed US$17.3 billion in 5,846 projects.

In particular, Mr. Fu praised the development of Singapore's flagship project in Jiangsu province — the China-Singapore Suzhou Industrial Park — which he said was "proceeding smoothly".

Other areas in which the two countries are enjoying good cooperation include science and technology, culture, education, medicine and personnel exchange.

During his speech, the Chinese ambassador also touched on certain new developments and characteristics which have emerged in the Sino- Singapore economic and trade relations.

"Investment is gradually moving to manufacturing and infrastructure, and from the eastern coastal areas to the central and western parts of China," he said.

Investment was expanding and the average investment per project had risen markedly, he said. The average input per project rose from about US$2.6 million in 1994 to US$6.7 million last year.

He also noted that multi-ethnicity was another feature. Not just Chinese Singaporeans were going to China for business, he said. More and more Malay and Indian Singaporeans were also developing a keen interest in China.

Singapore: Government To Support Mexican Exports to Southeast Asia

PA0507225696 Mexico City NOTIMEX in Spanish 2253 GMT 4 Jul 96

[FBIS Translated Text] Mexico City, 4 Jul (NOTIMEX) — According to the Foreign Relations Secretariat, the Singapore Government told Mexican Foreign Secretary Jose Angel Gurria in Singapore today that it will support Mexico's efforts to boost its exports in Southeast Asia.

The Secretariat noted that Gurria met today with his counterpart, S. Jayakumar, who "voiced Singapore's support and willingness to act as the springboard for Mexican exports to reach different points" in Southeast Asia.

Gurria ended a two-day visit to Singapore and left for Thailand, the fourth stopover of his official 10-day trip through five countries of Southeast Asia. His Southeast Asian tour began in Malaysia on Sunday, continued in Indonesia, and will end in Japan.

Mexico wants to strengthen economic and political relations with Southeast Asia to promote the diversification of its markets, Gurria noted in a conference with almost 300 businessmen, officials, diplomats, and academicians in Singapore.

At the forum "Mexico and Southeast Asia: A Vision for Cooperation," the visiting official contended that trade between Mexico and the member countries of the Association of Southeast Asian Nations (ASEAN) has a complementary nature.

ASEAN promotes economic and political cooperation among Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, countries which Gurria deems quite important for Mexican trade.

Gurria criticized actions by industrialized countries that use labor rights and environmental protection regulations as a pretext to impose tariff barriers on developing nations and added that these issues are very compatible with free trade.

At the forum organized by the U.S. Institute for Political Studies, Gurria noted that free trade should include the preservation and rescue of the environment and urged governments to define a direct relationship between trade and environmental issues.

Gurria offered this conference after the work meetings held separately with Prime Minister Goh Chok Tong, Trade and Industry Minister Goh Chee Wee, Information and Arts Minister George Yeo, and Foreign Minister Jayakumar.

The objectives of this visit include discussing in Singapore the progress made by Mexico in matters of economic recovery; the strengthening of commercial and investment ties with that country; and the exchange of views on the main international issues.

During meetings held with Singapore officials, Gurria confirmed the Mexican Government's resolve to strengthen bilateral economic and political relations and its interest in becoming a full participant in ASEAN.

The Mexican Foreign Secretariat revealed that Prime Minister Goh accepted an invitation to visit Mexico made by President Ernesto Zedillo in a message delivered by Gurria today. Goh mentioned that the trip might take place next year.

Jayakumar broached his vision of the exchange process experienced by the ASEAN and discussed with Gurria the Mexican proposal to hold a special session of the UN General Assembly on drug trafficking, the communique by the Mexican Foreign Secretariat noted.

Gurria talked to Minister Yeo about the need to reiterate the trust of Singapore investors via the appropriate promotion of Mexico's image and ample dissemination of Zedillo's measures to confront the financial crisis, it added.

According to the communique, Gurria announced that the Mexican Embassy in Singapore is organizing the Mexican Festival '96 from 12 to 22 September. This event will include a taste of Mexican dishes, a film festival, and the promotion of products in the Asian country.

Singapore's interest in identifying sectors and potential business projects, such as the support industry of the electronic sector and Singapore's participation in infrastructure works, was the highlight of the meeting between Gurria and Trade Minister Goh.

On Thursday night, the Mexican foreign secretary attended a dinner hosted by his Singapore counterpart. Other Singapore officials also attended this dinner. Later, Gurria left for the Thai capital of Bangkok; from there, he will travel to Japan, Mexico's third commercial partner.

Singapore: Press Secretary Explains Lee Kuan Yew's Views on Burma

BK0507030396 Bangkok THE NATION in English 2 Jul 96 p A4

[Letter in the "Letters" section purportedly from Madame Yeong Yoon Ying, press secretary of the Prime Minister's Office of Singapore — place and date not given]

[FBIS Transcribed Text] I refer to several reports and letters in your paper on Lee Kuan Yew's views on Myanmar (Burma).

Lee Kuan Yew respects and admires the patriotism of the Burmese students and democrats in Bangkok. However, it is necessary to face reality as when the UN went into Cambodia to hold elections and install a democratically-elected government. The party led by Prince Ranarridh won a clear majority in the elections.

To enforce the results of the elections and install Prince Ranarridh, the UN would have had to stay five to 10 years to disarm the Hun Sen army and to build up a new army and civil administration. The UN could not do this. So today, three years later, Prince Ranarridh is nominally First Prime Minister, but Hun Sen as Second Prime Minister is still in control of the army, and is the real power in the land. The pressure of international opinion can only go so far as the resources the major governments are prepared to put to its solution.

Similarly, whoever governs Myanmar will need the present Myanmese army because neither the UN nor the U.S. is prepared to disarm them and build a new Myanmese army.

If the UN or the U.S. were to declare that they are prepared to hold elections in Myanmar, disarm the Myanmese army and build a new army and civil service to run Burma after democratic elections, then constructive engagement can be differently geared.

Meanwhile, Myanmese democrats and students should ask the Thais to help them to build up a resistance force, like the one Prince Ranarridh and the Khmer Rouge organized in the eastern Thai border regions to fight the Vietnamese. They can become the nucleus of a future new Myanmar army.

[Signed] Madam Yeong Yoon Ying

Press secretary
Prime Minister's Office
Singapore

Singapore: Letter From Lee Kuan Yew's Office Surprises Analysts

BK0507032096 Bangkok ASIA TIMES in English
5 Jul 96 p 1, 2

[Report by Terry Maness of ASIA TIMES in Singapore]

[FBIS Transcribed Text] "Maybe it was sent by the students as disinformation. Are you sure it was from the senior minister's office?" The question was asked by a regional expert on Myanmar [Burma] after a letter to the editor appeared this week in Bangkok's THE NATION newspaper, signed by Yeong Yoon Ying, press secretary to Singapore's Senior Minister Lee Kuan Yew.

What surprised the regional expert and puzzled businessmen, diplomats and Foreign Ministry spokesmen in both Bangkok and Singapore is that the letter draws parallels between the State Law and Order Restoration Council (SLORC) military government in Myanmar and events in Cambodia earlier this decade which led to United Nations-sponsored peace talks, elections and the present power sharing government of First Prime Minister Norodom Ranarridh and Second Prime Minister Hun Sen.

The letter, in which Yeong was relating the views of Lee, concludes: "Myanmese democrats and students should ask the Thais to help them to build up a resistance force, like the one Prince Ranarridh and the Khmer Rouge organized in the eastern Thai border regions to fight the Vietnamese. They can become the nucleus of a future new Myanmese army."

The letter said the senior minister "respects and admires" the patriotism of the Myanmar students and democrats in Bangkok, but that it was necessary to face the reality of the SLORC military rule. That reality, the letter said, included the belief that neither the UN nor the United States seemed prepared to disarm the SLORC and organize new democratic elections.

Some analysts and businessmen found the wording surprisingly inflammatory and ambiguous, and there were some initial doubts as to its authenticity.

Yeong declined to elaborate: "I am not obliged to answer any questions."

A Foreign Ministry spokesman seemed puzzled and taken aback by the letter, but was unable to find anyone within the ministry who would reply to questions on whether the letter was Lee's private opinion or whether it reflected a subtle shift in Singapore's policy toward Myanmar.

Thai Foreign Ministry spokesman Thinnakon Kannasut denied any suggestion that the Thais might become complicit in military action against SLORC. "Our policy toward Myanmar has not changed. We are absolutely opposed to interference in their internal affairs," he said. Thailand and other nations in the Association of Southeast Asian Nations believe Myanmar's membership in ASEAN will lead to engagement on a broad array of issues and will help SLORC evolve toward democratic rule.

Equally surprised was Singapore's newly-launched Myanmar Business Group, a 117-strong collection of Singaporean businessmen and executives either presently engaged in business with Myanmar or contemplating investment in that country.

"Business is business", said the group's spokesman. "Myanmar's potential is undeniable and our group doesn't want to become involved with politics." In 1995, Singapore's total trade with Myanmar reached a record high of S$1.2 billion (U.S. $849 million), A 48-percent increase above that achieved in 1994.

The letter on Tuesday, was in reply to recent articles and letters carried in The NATION concerning statements made by the senior minister about a month ago. His remarks that the military in Myanmar represented the only credible leadership for the nation sparked reaction region-wide. Myanmar dissidents in India later burned an effigy of Lee in protest.

Singapore: Last 99 Vietnamese Boat People Leave

BK2806122896 Singapore THE STRAITS TIMES
in English 28 Jun 96

[Unattributed report — recevied via Internet]

[FBIS Transcribed Text] Singapore's 99 remaining Vietnamese boat people left for their homeland yesterday afternoon. Police officers on standby at Changi International Airport were given no trouble as the boat people, waving cheerfully, boarded the Vietnam Airlines plane bound for Ho Chi Minh City.

The scene was unlike previous incidents in camps in Hong Kong, the Philippines and Malaysia, where they resisted strongly attempts to send them back.

The people here were sent home under the United Nations High Commissioner for Refugees (UNHCR) voluntary repatriation program. The UNHCR had decided to close all its camps in the region, including the Hawkins Road Camp here, by 30 June. Mr. Lu Cheng Yang, the Controller of Immigration, said at a press conference yesterday that the boat people had been allowed to enter Singapore because of unconditional written guarantees by seven countries to resettle them within three months of their arrival here.

However, the countries — Denmark, Germany, the Netherlands, Norway, Sweden, Britain and the United States — had failed to honor their commitments and the Vietnamese were stranded in Singapore, many since the early 1990s, he said.

Singapore worked with the UNHCR and the Vietnamese government to make arrangements for their return, he said.

They were going home with an average of $[Singapore]3,000 each in savings, with one person saving as much as $[Singapore]18,000. Mr. Danilo Bautista, head liaison officer at the UNHCR office here, explained that as the camp was not a closed one, many had found employment outside the camp, working as cooks, waiters, movers and so on.

He said that he expected the boat people to find jobs in the business sector because of Vietnam's rapid economic growth.

He added that this was especially so as most of them spoke English and some even spoke Japanese, taught to them by volunteers. The Singapore Government had given them US$760 ($1,070) each as a gesture of goodwill.

They would be given a further US$240 after reaching Ho Chi Minh City, he said.

There were about 20 families among the boat people, and 13 of the children had been born at the camp, said Mr. Bautista.

In 1989, the UN launched its Comprehensive Plan of Action for Indochinese Refugees.

Under the international agreement, asylum-seekers were screened to determine if they were genuine political refugees.

Those who were could be resettled in third countries. Others, classified as economic migrants, would have to return.

Since 1975, Singapore has hosted a total of 32,457 Vietnamese boat people.

The majority — 32,364 — were resettled in third countries.

Meanwhile, more than 300 Vietnamese refugees have been repatriated from Indonesia and the Philippines.

The official Indonesian ANTARA News Agency reported yesterday that Jakarta had repatriated 244 Vietnamese boat people by sea from the Galang Island refugee center.

In the Philippines, 100 Vietnamese asylum seekers flew home voluntarily yesterday, the Kyodo News Service reported.

The five-hectare camp on the island of Palawan, about 560 km. south-west of Manila, however, will have to be maintained after that, as more than 1,000 refugees refused to fly back to Vietnam, saying they feared persecution.

Cambodia

Cambodia: Sihanouk Return Delayed; Bad Weather Turns Plane Back

BK0907083196 Hong Kong AFP in English 0756 GMT 9 Jul 96

[FBIS Transcribed Text] PHNOM PENH, July 9 (AFP) — King Norodom Sihanouk of Cambodia on Tuesday postponed a long-awaited return home after bad weather forced his plane to return to Beijing, where he had been receiving medical treatment, sources said.

A close relative of the king said he had been told by Queen Norodom Monineat Sihanouk that foul weather had forced the plane to make an unscheduled landing in southern China and then head back to the Chinese capital.

"The queen called and said that they had to return because of bad weather, " the source said.

Diplomatic sources in Beijing confirmed this, and said the plane had already returned to its point of departure.

Ahmed Yaya, an MP for Cambodia's royalist party, FUNCINPEC,[National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] said the king's arrival would be postponed until Wednesday.

The 73-year-old monarch is widely seen as a symbol of national unity and reconciliation in his war-shattered country.

His nearly three-month absence abroad has been punctuated by serious political crises in Phnom Penh and personal health problems.

The monarch left for a state visit to France in March, then went to Beijing for much-needed cataract surgery.

He then cancelled the surgery to return to Phnom Penh in a bid to soothe a growing crisis between Hun Sen's Cambodian People's Party and the FUNCINPEC party, led by Prince Ranariddh.

That return was delayed when the king suffered a bout of paralysis which forced him to enter a Beijing hospital.

Cambodia: Hun Sen Leaves for Tokyo To Attend Donors' Meeting

BK0807135396 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 8 Jul 96

[FBIS Translated Text] Samdech Hun Sen, second prime minister of Royal Government of Cambodia [RGC], and his wife, Bun Rani Hun Sen, left Phnom Penh at 1430 on 8 July to attend the consultative meeting on granting aid to Cambodia to be held in Tokyo, Japan.

Seeing Samdech Hun Sen off at the Pochentong international airport were His Excellency [H.E.] Sar Kheng, deputy prime minister and co-interior minister; H.E. Ing Kiet, deputy prime minister and minister of public works and transport; excellencies members of the Royal Government, and many people's representatives.

During a two-day stay in Japan it is expected that the high-level RGC delegation will meet with Emperor Akihito, Japanese prime minister, and a number of other Japanese personalities.

Cambodia: Ranariddh Urges Genuine 'Reconciliation' Within Nation

BK0507111996 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 5 Jul 96

[FBIS Summary] The radio carries a 55-minute report, with some slightly indistinct passages, on the inauguration of a building at Vat Bak Kheng primary school in Russei Kev ward, Phnom Penh, on 5 July. It features a recorded address by First Prime Minister Norodom Ranariddh.

Ranariddh begins his speech by informing the audience of King Norodom Sihanouk's health. He says that "the health of our revered king is good, thanks to the care of the Chinese doctors." Ranariddh also conveys the king's greetings to the people and firmly hopes that "the king will return shortly."

Ranariddh informs the audience that "shortly I, the samdech second prime minister, and our Cambodian delegation will go to Japan" to attend the meeting of the consultative group in Tokyo, which is organized by the World Bank, the Asian Development Bank, and others. The meeting will discuss granting further rehabilitation aid to Cambodia. Ranariddh explains that aid donor countries can hold the meeting without the presence of the Cambodian co-prime ministers; "however, before they make another step forward on whether or not to continue giving aid, they want to know if Cambodians are quarreling with one another." The aid donor countries, therefore, requested that the two prime ministers attend the meeting. "I said that I was busy and could not go. The samdech [second] prime minister can go alone; one prime minister can go while the other looks after the house. They said no, both prime ministers have to be there. They want to see that we are reconciled and can cooperate with one another."

Ranariddh explains that he will go to this meting "to show the international community that we can be reconciled after over 20 years of disunity." Ranariddh then discusses what he calls "administrative orthodoxy" and the way a coalition government functions with "individual and collective responsibility" to the National Assembly. He also talks about the possibility that aid may not be forthcoming if we do not heed others' advice. "We are not going to be dictated to by foreigners; they cannot give orders to us, but they can cut aid to us. This is the problem."

Ranariddh also talks about the importance of foreign aid to Cambodia and the need for Cambodia to help itself as well. He says: "We help ourselves first and others will help us; this is the basis of our Kingdom of Cambodia's strategic policy." He praises Phnom Penh Mayor Chhim Siekleng and local officials for their efforts to secure aid from generous persons to develop the locality. He talks about the need to differentiate between what the country has built with borrowed money, and what has been achieved by Cambodia itself.

Ranariddh then talks about the destructive consequences of war, citing the Khmer Rouge's current stance of "fighting to liberate Cambodia from Vietnam." He says: "This is very good. I for one will fight against foreign aggressors; however, if you fight against Vietnam, why do you only destroy Cambodian bridges? This is the problem" and adds: "So, it is better to stop fighting; is it not about time?" [applause]

Speaking again about the trip to Tokyo, Ranariddh says: "I would like to end the speech with reconciliation, as this will ensure the development of our country and motherland; otherwise, there is no need to go to Tokyo. If we go to Tokyo, and continue quarreling after our return, then, in my view, there is no need to cheat the people in Tokyo. If we go and tell them we are reconciled, we should be genuinely reconciled, and really work together without division. I will go anywhere as long as we genuinely do this; otherwise, I will not go. I am saying this in advance." [applause] He continues on the same subject: "Only this way can the trip to Tokyo be effective. If we go there and do not do what we promised after our return, be careful; others will say that these two guys lied, and as a result, all our aid will be cut."

Ranariddh also recalls development under King Sihanouk's leadership, and briefly talks about democracy, cautioning leaders to beware of the "silent majority" in an election.

Indonesia

Indonesia: Minister: 'No Differences' With U.S. Over Car Policy

BK2806045096 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 28 Jun 96

[FBIS Translated Text] Indonesia and the United States have no differences over the two objectives of the national car policy enshrined in Presidential Decree 2/1996. Senior Indonesian and U.S. officials will however hold talks to seek the possibility of enhancing economic cooperation. Industry and Trade Minister Tunky Ariwibowo said this after the signing of the minutes of a meeting of the Joint Indonesian-Iraqi Commission in Jakarta yesterday. He said a team from the Indonesian Department of Industry and Trade is holding talks with the U.S. Government over new certificates on the origin of goods due to take effect in the United States in July.

Meanwhile, Tunky said Indonesia is aware that it is in a priority list of countries to supply food to Iraq after that country was free of the UN embargo. Iraq currently needs rice, sugar, wheat flour, cooking oil, soap, and milk. Indonesia hopes it will also be able to supply industrial goods to Iraq.

Indonesia: Election Monitoring Committee Urges Calling Off Elections

BK0807132596 Hong Kong AFP in English 0912 GMT 8 Jul 96

[FBIS Transcribed Text] JAKARTA, July 8 (AFP) — Hours after President Suharto left for medical treatment in Europe, the political temperature mounted in Indonesia on Monday with calls for the 1997 general election to be postponed.

The Independent Election Monitoring Committee (Kipp) said the parliamentary election should be called off because of government interference in one of the three legal political parties. A protest was also held in Jakarta calling for a boycott of the election.

"We want to stop the election process. Logically it amounts to a deferral," Gunawan Mohamad, the Kipp chairman, told AFP. He said it would not be a free and fair election under current conditions.

"The blatant intervention in the Indonesian Democracy Party (PDI) underlines the fact that political parties taking part in the election are not independent," Mohamad said.

The call came as Indonesians remained uncertain about the health of 75-year-old President Suharto, who was believed to have gone for medical examinations in Germany.

His youngest son, Hutomo 'Tommy' Mandala Putra, insisted Monday that Suharto was "fine" but added: "We have to pray because...only God knows his health." However sources close to the president said Suharto has a leaking heart valve, diabetes and kidney stones.

Suharto's government and the military last month encouraged a rebel PDI faction to hold a congress which voted the head of the party, Megawati Sukarnoputri, out of office.

The ousting of Megawati, daughter of Indonesia's founding president Sukarno, has met widespread popular opposition from party members, students and workers across Indonesia.

The election watchdog chairman said the government had lost legitimacy by encouraging a split in the party and warned that it could face a backlash at the elections.

"The government has miscalculated the strength of the support" for Megawati, he said.

Activists from the Pijar pro-democracy group protested outside the government's Institute for General Elections on Monday calling for a boycott of next year's elections.

"The intervention in PDI is illegal. We ask Indonesians to refuse to participate in an illegal election," Feri Haryono Machsus, the head of Pijar told AFP.

"It is better to vote blank than go along with a dishonest election," the protestors said. Blank voting is not illegal, but urging people to do so is a criminal offence.

About 200 unionists from the transport sector of the Indonesian Prosperity trade union marched to the PDI headquarters to support Megawati.

PDI executive Suparlan said he would call on members to return their voting registration forms if the government officially recognised Suryadi, the new chairman, as the PDI candidate for elections, the Merdeka daily reported. Returning the forms would be the equivalent of a boycott.

If the government gives election candidates forms to Suryadi, the new PDI chairman, his camp would be officially recognised as the legal candidates for the 1997 general elections.

On Saturday a group of Megawati supporters from the East Jakarta PDI branch were harrassed by about 30 police as they tried to hold a meeting.

When party members refused to disperse, police fired a warning shot into the air and briefly detained three party executives.

Analysts say the PDI split has weakened the party's ability to challenge the government and reduced Megawati's influence as a potential candidate in 1998 presidential elections.

The PDI, Suharto's ruling Golkar and the Moslem-oriented United Development Party are the only three political parties recognised by the government. Golkar has won every election since 1971 and Suharto has never been challenged.

Indonesia: Suharto Condition Updated; Military Chief Issues Warning

BK0907031996 Jakarta KOMPAS in Indonesian 9 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — President Suharto is undergoing a medical checkup at a private hospital in northern Germany. According to Gerard Bibang, a KOMPAS representative in Germany, the presidential delegation arrived at Hanover Airport on Monday (8 July) at 0615 local time or about 1100 West Indonesian Standard Time.

Upon arrival, President Suharto proceeded to the hospital located about 80 kilometers from Hanover.

In Bonn, German Chancellor Helmut Kohl sent warms greetings to President Suharto, while German President President Roman Herzog sent flowers.

According to Mrs. Ilke Meyer from the hospital's public relations service contacted by KOMPAS last night, sophisticated equipment are needed to thoroughly examine President Suharto.

The hospital in northern Germany is very famous in Europe. B.J. Habibie, minister of state for research and technology, was treated at the hospital several years ago.

Healthy and Radiant

President Suharto, who accompanied by four of his six children — Sigit Haryoyudanto, Mrs. Siti Hardiyanti Rukmana (Tutut), Mrs. Siti Hediyati Prabowo (Titiek), and Mrs. Siti Hutami Endang Adiningsih (Mamiek), looked healthy and radiant when alighting from the aircraft.

On Friday (5 July), Minister and State Secretary Murdiono cited the presidential medical team as saying that President Suharto is fine medically. Nevertheless, during a checkup on 29 June, the presidential medical team suggested that the president undergo a further checkup abroad.

The 29 June medical checkup was not something special, and one is done every six months.

Don't Exploit the Situation

Lieutenant General Suyono, chief of the Armed Forces of the Republic of Indonesia [ABRI] General Staff, told reporters in Bandung on Monday (8 July) that the ABRI would take stern action against groups wishing to exploit the situation after President Suharto left for an overseas medical checkup. He said those trying to disrupt stability would face the security apparatus.

"Who dares? In short, the ABRI will step in if some people try to disrupt stability. That's all," Suyono said after delivering a directive to a 1997 general election security team. The chief of the ABRI General Staff also received the Garuda XIV [Roman 14]- C/Yonzi [Engineering Battalion] Contingent which returned home after a 10-month tour of duty in Bosnia-Herzegovina.

According to Suyono, President Suharto's absence at home does not mean that there is a change in the current state system. The maintenance of stability continues as usual.

"Our system is already working. We have a president and a vice president. If the president is unable to perform his duties, the vice president will be in charge. The vice president can chair cabinet meetings and perform other protocol duties. There is no problem. If some people dare try to disrupt stability, the ABRI will definitely step in," he said.

Indonesia: Sutrisno Meets Iraqi Trade Minister, Promises To Help

BK2806120696 Jakarta KOMPAS in Indonesian 28 Jun 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, KOMPAS — President Suharto received Brian Atwood, administrator of the

U.S. Agency for International Development [USAID], at his residence on Cendana Street, Jakarta on Wednesday (26 June). The U.S. official was accompanied by Haryono Suyono, minister of state for population, during the meeting.

According to Haryono Suyono, President Suharto attached importance to the USAID's assistance to Indonesia. "Many developing nations have studied Indonesia's experience in various areas, including family planning. If the USAID helps Indonesia, the U.S. agency will simultaneously help other developing nations because they have studied Indonesia's experience," he said.

President Suharto also received South Sumatera Governor Ramli Hasan Basri who reported on the readiness of the administration and people of Prabumulih District to host a function marking National Family Day on 29 June. The Office of the Minister of State for Population and the Department of Industry and Trade will sign a cooperation agreement during the function, which will be attended by Vice President Try Sutrisno.

Vice President and Iraqi Trade Minister

Meanwhile, Vice President Try Sutrisno received Iraqi Trade Minister Dr. Muhammad Mahdi Salih at the Merdeka Selatan Palace on Wednesday. The Iraqi minister was accompanied by Aidil Yushar, secretary general of the Indonesian Department of Industry and Trade. Trade Minister Mahdi spoke to the vice president about possible economic cooperation between Indonesia and Iraq, particularly in trade.

Drs. [Doctorandus, an academic title] Sumadi, the vice presidential spokesman, told reporters that Iraq had now been allowed to sell its oil to buy food and medicine. Nevertheless, the UN decision has not resolved the current problems, particularly agriculture. Iraq still has to import all its goods and technology. "Accordingly, Iraq has appealed to other parties, including Indonesia to improve the situation," he said.

According to Sumadi, the vice president reiterated that Indonesia would seek to help Iraq as much as possible to improve the humanitarian situation. Trade Minister Mahdi conveyed greetings from President Saddam Husayn to President Suharto and from Vice President Taha Yasin Ramadan to Vice President Try Sutrisno. The trade minister expressed his gratitude for Indonesia's assistance to Iraq.

Indonesia: Suharto, Iraqi Trade Minister Discuss Trade Expansion

BK0107065896 Jakarta SUARA PEMBARUAN in Indonesian 30 Jun 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Jakarta, 30 June — Iraq has given major opportunities to Indonesian businessmen to supply food and medicine to Iraq. Indonesia has welcomed the opportunities because the two countries need to further enhance their trade relations.

President Suharto and Iraqi Trade Minister Muhammad Mahdi Salih discussed efforts to enhance and expand their cooperation, particularly in trade, at the Merdeka Palace on Friday (28 June).

The Iraqi trade minister was accompanied by Hasib Wajid Salih, director general of the Iraqi Central Bank; Yusuf 'Abd-al-Rahman, director general for food affairs of the Iraqi Ministry of Trade; and Sa'dun Jabar al-Zabaydi, Iraqi ambassador to the Republic of Indonesia. Meanwhile, the head of state was accompanied by Murdiono, minister in the State Secretariat, and Aidil Yushar, secretary general of the Department of Industry and Trade of the Republic of Indonesia.

Mahdi conveyed warm greetings and regards from President Saddam Husayn to President Suahrto and all the Indonesian people, who have enabled Indonesia to achieve rapid progress in all fields.

Presiden Suharto stressed the need for the two countries to expand their trade relations so that opportunities in Iraq can be tapped and other goods can be covered.

"We make this offer to Indonesia as a friendly country. Once again, we strongly hope that this offer can be realized because the UN resolution authorizes very limited contracts for the sale of oil — only 700,000 to 800,000 barrels per day or about U.S. $225 million per month," Mahdi told reporters after the meeting.

According to him, Iraq's current oil production is only about 15 percent of the pre-UN embargo output. "Even worse, the UN- authorized oil sale contracts must be partly used to meet various UN needs and pay war damages."

Moreover, Irak strongly hopes for Indonesia's support for the total lifting of the UN embargo on Iraq. Asked whether there had been a concrete agreement with the United Nations over suppliers, the Iraqi trade minister said the United Nations could not determine who should supply goods to Iraq. "Clearly, we are now selling oil and inviting Indonesian businessmen to supply commodities to Iraq," he said.

For The First Time

During a news conference at the Sari Pan Pacific Hotel on Friday afternoon (28 June), Mahdi said Iraq had given priority to Indonesia to supply goods to Iraq following an "oil for food" deal reached by Iraq and the United Nations. Under the deal, Iraq is allowed to export oil worth up to U.S. $2 billion to buy food and medicine to meet the Iraqi people's needs.

The deal means that Iraq can sell its oil for the first time in six years. The "oil for food" deal signed in May will be revised after 3 months and will be expected to lead to the total lifting of the UN sanctions against Iraq.

The Iraqi trade minister added that only 50 percent of the Iraqi people's needs had been met even though Iraq had been allowed to sell some of its oil. Accordingly, Iraq strongly hopes for cooperation with Indonesia.

Iraq needs goods, particularly soap, detergent, cooking oil, rice, and sugar from Indonesia. "We will be happy if more Indonesian businessmen are willing to supply goods to Iraq," he said. Several Indonesian businessmen have welcomed the offer, but their number has not been disclosed.

Indonesia: UNHCR Repatriates 193 SRV Refugees; 908 Remain

BK0307114396 Jakarta KOMPAS in Indonesian 3 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Text] Batam, KOMPAS — The United Nations Office of the High Commissioner for Refugees [UNHCR] repatriated 193 Vietnamese boat people on Tuesday (2 July). The 193 boat people housed on Galang Island were repatriated aboard a Garuda Indonesia airbus, flight number GA-8380, from Hang Nadim Airport on Batam Island.

The repatriation process was rapid and smooth. They left the Galang Refugee Camp in the early hours of Tuesday for Telagapunggur Port on Batam before proceeding to Hang Nadim Airport. The repatriation process was witnessed by Major General Arie J. Kumaat, commandant of the Galang '96 Humanity Operation Task Force.

Based on information obtained by KOMPAS, the boat people were repatriated under the Voluntary Repatriation Program. Earlier, 244 refugees were repatriated under the Ordinary Repatriation Program. They left Tanjungpinang for home aboard the KRI [Republic of Indonesia Ship] Teluk Hading on 26 June.

According to the UNHCR, the repatriation of 10,081 refugees — 1,538 of whom are Cambodians — since 1990 has been relatively smooth because of compliance with administrative procedures of the countries of origin.

Only 908 refugees — 608 Vietnamese and 300 Cambodians — remain on Galang Island. Another group is scheduled to be repatriated aboard the KRI Sangkulirang next week.

Indonesia: Cambodian Refugees Repatriated From Galang 7 Jul

BK0807035996 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 8 Jul 96

[FBIS Translated Text] The Indonesian Government repatriated 277 Cambodian boat people from Galang Island, Riau yesterday. They left aboard the KRI [Republic of Indonesia Ship] Teluk Sampit for home. The landing ship tank was seen off by Major General Arie Kumaat, commandant of the Galang '96 Humanity Operations Task Force. Chhay Bunli, a Cambodian Government representative, and Robert Cooper, a representative of the Office of the United Nations High Commissioner for Refugees, also witnessed their departure. With their return under the government's repatriation program, only 3,331 boat people remain on four camps on Galang Island.

Indonesia: Jakarta Rejects Australian Findings on Death of Six Newsmen

BK2806054996 Jakarta THE JAKARTA POST in English 28 Jun 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP) — The Indonesian Government rejected yesterday the finding of an Australian official investigation which pins the blame for the deaths in 1975 of six Australian-based journalists in East Timor squarely on Indonesian soldiers.

The Ministry of Foreign Affairs said that while it has not had the opportunity to review the report published in Canberra yesterday, Jakarta's position regarding the cause of the deaths remained unchanged.

"While it is unfortunate that these deaths occurred, it is a fact that East Timor at that time was embroiled in a tragic civil war in which many people died," the ministry statement said.

"Our position on this issue has always been that these individuals were killed in crossfire between the opposing armed factions in this conflict.

"We have seen nothing to change that conclusion," it said.

It promised, however, to study the full report.

Australian Foreign Minister Alexander Downer tabled the report, written by the team which investigated the six deaths, which was headed by former National Crime Authority boss Tom Sherman, REUTERS reported.

The study was commissioned by the Labor government in November 1995 after former East Timorese soldiers living in Australia said they saw five of the journalists killed by Indonesian soldiers.

The five, Australians Greg Shackleton and Tony Stewart, Britons Malcolm Rennie and Brian Peters, and New Zealander Gary Cunningham, were in East Timor to cover fighting which had erupted in the wake of Portugal's withdrawal from the province.

The sixth, Australian Roger East, traveled to the territory to cover the journalists' disappearance and the fighting.

There has never been an official explanation of East's death, although several people have said they saw him shot dead by Indonesian soldiers at Dili harbor.

The incidents occurred before East Timor formally became part of Indonesia in July 1976. Indonesia had sent its volunteers to East Timor in late 1975 to quell a bloody civil war that erupted in the wake of the Portuguese withdrawal from the territory.

Downer told parliament yesterday that he had asked his Indonesian counterpart, Ali Alatas, for any further information Jakarta might have. Australia had no power to investigate events on foreign soil, he added.

The report found that irregular Indonesian troops and East Timorese commanded by Indonesian officers killed five of the journalists in the western East Timor village of Balibo in October 1975.

"It is more likely than not that the Balibo five were killed in the heat of battle while fighting was still taking place," Sherman's report said. It also said that an unidentified Indonesian soldier probably killed journalist East when Indonesian troops went into the capital, Dili, in December that year.

Downer said the new report was the best possible given the time lapse and all information available outside Indonesia.

"We simply do not have any other information on which to base further analysis or more definitive conclusions," he said, adding he would not comment on the findings.

Meanwhile, Shirley Shackleton, whose husband, Greg Shackleton, was one of the television crew members killed at Balibo, demanded a judicial inquiry in Australia and a murder trial in Indonesia.

"I want to see the perpetrators of these murders put on trial," she said, at one stage close to tears.

"I don't want them murdered, I don't want them killed.

"But they must stand up in a court and explain what they were doing, admit what they were doing."

Indonesia: Minister Denies Australian Security Agreement Defense Pact

BK2806105496 Jakarta ANGKATAN BERSENJATA in Indonesian 27 Jun 96 p 1

[Unattributed report]

[FBIS Translated Excerpt] Jakarta, (AB) — Minister of Defence and Security Edi Sudrajat has reiterated that the security maintenance agreement with Australia is not a defense pact.

The minister said this at a working meeting with members of the House of Representatives led by Abu Hasan Sazili in Jakarta on Wednesday (26 June). He said the interpretation that the agreement marked the formation of a defense pact with Australia as a result of a change in Indonesia's defense policy was not accurate.

The minister said the agreement was a manifestation of a multilayered deterrent strategy to protect development.

He said that as we have an arrangement to guarantee peace in the form ASEAN, including the ARF [ASEAN Regional Forum] in the north, it is, therefore, proper to have a similar arrangement in the south.

"Thus, there is absolutely no change in Indonesia's defense policy," Edi said, adding that the agreement with Australia was something normal.

When asked by a House member whether the security agreement had to be ratified by law, the minister said the matter should be viewed on the basis of prevailing legal procedures in Indonesia. [passage omitted]

Indonesia: Minister Urges Prudent Solution of PDI Problems

BK2706123296 Jakarta KOMPAS in Indonesian 27 Jun 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — General Edi Sudrajat, minister of defense and security, has said that the Armed Forces of the Republic of Indonesia [ABRI] fully understand the people's feeling that the Indonesian Democratic Party [PDI] is one of their assets and are concerned over the internal conflict in the party with the ox symbol. For this reason, Edi hopes that the

PDI issue can be resolved as suitably and as prudently as possible by all groups concerned.

Edi said this when replying to a question by Sophan Sophiaan [the PDI Caucus in the House of Representatives] at a Parliamentary Commission I [Roman numeral one] session in Jakarta on Wednesday (26 June). The session was led by the commission's chairman, Aisyah Amini. Sophan had also asked about the problems facing the PDI DPP [central executive council]. He said that he was surprised that the PDI DPP members under the leadership of Megawati Sukarnoputri had not been given a chance to meet the ABRI commander and the minister of home affairs so that they could voice their disagreement over the holding of a new congress in Medan, where Megawati is the legitimate leader of the PDI DPP and has been recognized by the government.

The minister of defense and security did not give a detailed answer to Sophan's question, but said diplomatically: "I fully understand the questioner's feeling, and I think everyone feels the same way too. We feel that we, the PDI, are an asset of the people. We want the PDI to settle whatever problems it has as well as possible either through the wisdom and the intelligence of the party members themselves or with assistance from all of us."

Edi had suggested that all groups have a cooling down [preceding two words in English] period over the PDI issue. "This is important for maintaining our national resilience," he said.

He added that the PDI, as an asset belonging to the people, is very significant for them. For this reason, there should be a common concern for unity in the PDI for the sake of progress and the people's welfare. "I am calling on the PDI members to negotiate, consolidate, and reunite. Take wise measures and fully reunite, " the minister appealed.

Commenting on Megawati's wish to take legal action against those behind the Medan congress, Edi said, "A lawsuit is not a form of negotiation. Try to solve the problems through negotiations. There is always a way for that."

The minister hopes that every group will lend its support for negotiations. All the PDI members should get together, hold negotiations, and find the best solution for the party and for the Indonesian people," Edi said.

He admitted that the dual leadership issue in the PDI would not easily be resolved. "But with the wisdom of the two sides, the gap can be made narrower. Yes, the two sides should come closer to each other. In fact, they are still under one family, the PDI family," Edi said. [passage omitted]

Indonesia: Daily Laments Absence of 'Deliberation' in PDI Affair

BK2806083196 Jakarta THE JAKARTA POST in English 28 Jun 96 p 4

[Editorial: "The 'Musyawarah' Spirit"]

[FBIS Transcribed Text] Whatever happened to the spirit of musyawarah [deliberation]? This question about an age-old Indonesian tradition of settling differences through deliberations was asked by Minister of Defense and Security Edi Sudrajat during a hearing with the House of Representatives on Wednesday. As reported in this newspaper yesterday, the retired Army general complained during the hearing reviewing the security situation with the House's Commission I [Roman one; in charge of foreign affairs, defense, security, and information] about the fading spirit of musyawarah. The concern was widely shared by many members of the commission. Gen. Edi reflected that musyawarah is what keeps people together in a group, organization or community. It acts like a glue.

Nobody can deny that musyawarah is preferred over other alternatives in resolving differences; certainly over the use of voting, or worse still, the use of force and violence. Our founding fathers recognized the virtues of this principle when they inserted musyawarah untuk mencapai mufakat (deliberation to reach consensus) as the fourth of the five principles in the state ideology Pancasila. In a country as diverse in terms of cultural, ethnical, racial and religious backgrounds as ours, musyawarah becomes the cornerstone of our democracy.

It is through musyawarah that opposing parties work out their differences. The act of deliberation is an expression of goodwill on the part of the conflicting parties to work towards a solution. Musyawarah is a give-and-take process in order to come to an arrangement agreeable to all parties. There are no differences, however, sharp they may be, that cannot be resolved through musyawarah, as long as all parties show goodwill, so the proponents of the concept argue.

Gen. Edi made no reference to any particular case when he raised his concern on Wednesday. But he did say that the current bickering in many organizations stems from the members' inability to resolve differences through deliberations.

We could not help but link his statement to the conflict in the Indonesian Democratic Party (PDI), if only because the calls for musyawarah by senior government officials over the past two weeks have been directed at the bickering leaders of this minority party.

It is apparent that both camps in the conflict have neglected the musyawarah principle. We recall that just as the breakaway PDI members were preparing to hold their congress to oust Megawati Sukarnoputri from the leadership last week, a number of senior statesmen were making eleventh-hour appeals for them to pursue the musyawarah course. They ignored the appeal and went ahead with the congress, with support from the Ministry of Home Affairs and the Armed Forces.

Now that the PDI rebels have elected Suryadi to lead the party and the government and the military have given their recognition in preference over Megawati, the chorus for musyawarah from government officials was renewed. This time, Megawati and her supporters ignored the appeal and announced their intention to sue the government and the Suryadi camp.

At this late stage of the PDI conflict, the question to ask is not about what has happened to musyawarah, but rather whether musyawarah had been given a chance to work in the first place. The hasty official support of the congress and recognition of its results clearly indicate that musyawarah was never given a chance at all. Now that the damage is done, it would be unreasonable to place the burden to start the process of dialogue solely on Megawati and Suryadi when third party interests seem to have contributed to muddling the current conflict.

As stated above, for musyawarah to take place at all, there must be goodwill on behalf of the conflicting parties, and this means not only the two rival PDI camps, but also those third parties who may have had a hand in the conflict. Without this goodwill, musyawarah cannot be expected to work, and the best one could hope for is for an appearance of musyawarah. This will compound rather than solve problems.

Indonesia: Sukarno's Daughter Under Pressure To Quit Party Leadership

BK2806134796 Hong Kong AFP in English 1101 GMT 28 Jun 96

[FBIS Transcribed Text] JAKARTA, June 28 (AFP) — Two thousand supporters of embattled Indonesian opposition leader Megawati Sukarnoputri rallied in the parliament lobby Friday, as government pressure for her to quit increased.

Defying a warning by authorities to refrain from mass action, the protestors demonstrated against a congress held by a rebel faction of the Indonesian Democracy Party (PDI) to which Megawati has claimed the chairmanship.

The protestors, clad in the party's red-and-black colours and chanting slogans in support of Megawati in the parliament's huge marbled foyer, tried unsuccessfully to meet with legislators.

A splinter PDI faction, supported by the government, last week held a breakaway congress which chose Deputy House Speaker Suryadi to replace Megawati, the daughter of Indonesia's charismatic founding president, Sukarno.

Sukowaluyo, a PDI legislator, told AFP that the protestors wanted to meet representatives of the military faction and those of the country's two other political parties — the ruling Golkar and the Muslim-oriented United Development Party (PPP.)

"I think the government must now hear the aspiration of these people," Sukowaluyo said.

He admitted that would be difficult since Suryadi's leadership of the rebel faction was "the product of political engineering by the government."

About 1,000 supporters later rode in a red coloured convoy of two hundred motorbikes and dozens of cars back to the PDI headquarters in central Jakarta.

At least 60 anti-riot police and three armoured personnel carriers secure the area around the headquarters, as supporters held a free speech forum. There was no violence.

Megawati's supporters have staged several mass rallies since last week's congress, including one in which hundreds were injured after police and troops clashed with some 3,000 demonstrators in Central Jakarta on June 20.

Hundreds of people since the violent clash have maintained a daily vigil at the PDI headquarters to show their support for Megawati. The party's offices are still occupied by Megawati's faction.

Megawati's lawyers sent a letter to Suryadi Friday giving him and his colleagues a deadline of 10.00 a.m. (0300 GMT) on July 1 to return to the party fold or face legal action.

The Merdeka daily reported Friday that the government was increasing pressure on Megawati — touted as a potential rival to President Suharto in the 1998 elections to the presidency — to relinquish the PDI chairmanship.

"From the beginning, the government sees the congress as legal and there is only one (party) executive board ...

we will not pander" to Megawati, Director-General for Socio-Political Affairs Sutoyo was quoted as saying.

Speaking after an inter-ministerial coordination meeting to discuss developments in the PDI, Sutoyo also said the government was fully prepared to face any lawsuit brought against it by Megawati and her allies.

Her camp, which accuses government ministers and military officers of participating in the congress and its planning, wants to bring the home affairs minister and the police chief to court for allowing the congress to take place.

Suryadi was quoted by the official Antara news agency as saying the party's new executive board plans to soon hold their first plenary meeting.

He said the meeting would discuss ways to occupy the party's headquarters here, prepare a list of parliamentary candidates for the 1997 general elections and seek audiences with Suharto, top government ministers and military leaders.

Suryadi — echoed by legislators from the military faction, PPP and Golkar — called on Megawati to hold talks with him.

But he ruled out giving Megawati any position on his new executive board, saying that the decision of the congress was final.

Indonesia: Megawati-Led PDI Reaffirms Medan Congress 'Illegal'

BK0107043896 Jakarta KOMPAS in Indonesian 1 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — The Indonesian Democratic Party [PDI] Central Executive Council led by Megawati Sukarnoputri has deeply apologized to the people for the inconvenience to their daily life caused by the mass demonstrations of the pro-Megawati PDI supporters.

Nevertheless, the Megawati-led PDI Central Executive Council has objected to being made the scapegoat for the protests. All sides are responsible for the recent protests. The government, which paved the way for the convening of the PDI congress in Medan from 20 to 22 June, must also be held responsible for the current situation.

This was contained in a press statement issued by the PDI Central Executive Council on Sunday (30 June). The press statement was signed by General Chairwoman Megawati Sukarnoputri and Secretary General Alexander Litaay.

Megawati reiterated that the PDI congress in Medan was unconstitutional and illegal. She criticized the government for supporting the congress and reaffirmed her refusal to recognize the outcome of the congress, including the formation of a PDI central executive council led by Suryadi.

A day earlier, the Suryadi-led PDI Central Executive Council held a meeting at the official residence of Suryadi, who is concurrently deputy chairman of the House of Representatives and the People's Consultative Assembly, at 4 Denpasar Raya Street in Central Jakarta. The meeting was guarded by uniformed and plainclothed security personnel. Suryadi said he would be received by Home Affairs Minister Yogie Suardi Memed on Tuesday (2 July) and Armed Forces Commander General Feisal Tanjung on Wednesday (3 July). There has been, howver, no reply yet to his request for calls on President Suharto and Vice President Try Sutrisno.

To Be Beaten

Lt. Gen. Suyono, chief of the General Staff of the Armed Forces of the Republic of Indonesia [ABRI] said in Malang, East Java on Saturday evening (29 June) that the PDI would be beaten if it made trouble. Maj. Gen. Sutiyoso, commander of the Greater Jakarta Military Command, issued an ultimatum to the Megawati supporters because their protests had been exploited by a third party.

Suyono asked journalists to assess the PDI affair wisely. "Development should not be disrupted. Don't create instability," he said.

The Central Executive Board of the Association of Roman Catholic College Students of the Republic of Indonesia [PMKRI] said in a policy statement on Saturday (30 June) that the PDI affair was a national problem. The affair has enabled us as a nation to assess the way we manage our national life and respect the rights of every citizen. The PMKRI laments the current level of political maturity shown by government officials and politicians.

Free Forum

Yesterday afternoon, Megawati supporters and sympathizers again crowded the headquarters of the PDI Central Executive Council at 58 Diponegoro Avenue in Central Jakarta. A free forum was held.

A number of citizens parked their motorcycles and cars along Surabaya Street and Pegangsaan Street (near Diponegoro Avenue) and even along Diponegoro Avenue itself. Diponegoro Avenue, however, remained two-way, although it was crowded with the vehicles of citizens who attended the free forum. Military vehicles, which are usually on alert around the headquarters of the PDI Central Executive Council, were not visible.

The chairman of the Irian Jaya PDI Provincial Executive Council addressed the highly popular free forum, which began at 1400 and ended at 1720 West Indonesian Standard Time. The forum was applauded not only by Megawati supporters wearing the red and black bands but also by ordinary citizens. "This is a practical political education that I cannot obtain at college," said Andi (23), a Salemba resident, who attends a private college in Jakarta.

Andi said he frequently passed Diponegoro Avenue during gatherings by Megawati supporters and he attended the forum because of his curiosity. The citizens went home in an orderly manner after the forum ended. [passage omitted]

Indonesia: Minister Meets With Splinter PDI Central Executive Board

BK0207114496 Jakarta SUARA PEMBARUAN in Indonesian 2 Jul 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, 2 Jul — Home Affairs Minister Yogie S. Memed received a courtesy call from members of the PDI [Indonesian Democratic Party] central executive board, and held an hour-long meeting in Jakarta this morning. Suryadi is the chairman of the board, which was established after the PDI congress in Medan. "They came only to report the outcome and resolutions adopted at the Medan congress," Yogie told reporters after the meeting.

Hundreds of security personnel and several police dogs were deployed at the Home Affairs Department before the arrival of the Suryadi-led PDI board. Suryadi and the PDI board members were seen arriving at about 0715 by buses belonging to parliament, but they managed to see the home affairs minister at 0800. The home affairs minister attended the meeting, accompanied by Sutoyo N.K., director general for sociopolitical affairs, and secretary general Suryatna Subrata.

Also present at the meeting were PDI Secretary General Buttu R. Hutapea and 16 PDI executives who played a key role in organizing the congress in Medan. Ipik Asmasubrata, a veteran PDI executive, was also present.

The home affairs minister said the PDI leaders had only come to report the outcome of the Medan congress. The minister also hoped that the resolutions adopted at the Medan congress can be implemented soon so as to ensure PDI's internal stability.

When he was asked whether the Medan congress was valid and legitimate, the minister replied in the affirmative since it had been proposed by two-thirds of PDI branches. "The government has nothing to do with the congress," he said.

When reporters pressed him further whether the government only recognizes the PDI board produced by the Medan congress and rejects any other rival board, Yogie raised his voice, saying: "Do not turn things around. It will only cause problems. I want to see an early solution to the PDI problem." [passage omitted]

Laos

Laos: Foreign Affairs Minister Leaves for Visit to Iran

BK0807144496 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 8 Jul 96

[FBIS Translated Text] A high-level delegation of the Foreign Affairs Ministry of the Lao People's Democratic Republic [LPDR], led by Foreign Affairs Minister Somsavat Lengsavat, left Vientiane the afternoon of 7 July for a five-day visit to the Islamic Republic of Iran. The visit is in response to an invitation by 'Ali Akbar Velayati, foreign affairs minister of the Islamic Republic of Iran.

Foreign Affairs Minister Somsavat Lengsavat and his delegation were seen off at Wattai Airport by Souban Salitthilat and Phongsavat Boupha, deputy ministers of foreign affairs, along with many high- ranking cadres.

During the visit, our Lao foreign affairs minister is scheduled to hold discussions with his Iranian counterpart on a variety of issues; particularly the relations and cooperation in the socioeconomic development field for the immediate future and for the long-term.

Laos: Cuban Communist Party Delegation Calls on Prime Minister

BK0607121196 Vientiane KPL in English 0918 GMT 6 Jul 96

[FBIS Transcribed Text] Vientiane, July 5 (KPL) — President of the Lao People's Revolutionary Party Central Committee (LPRP CC) Khamtai Siphandon received here yesterday a delegation of the Communist Party of Cuba headed by Jose Ramon Balaguer, politburo member of the Communist Party of Cuba and head of the External Relation's Committee of the Party CC.

LPRP CC president commended and highly evaluated the visit to Laos by the Cuban delegation, which would significantly strengthen the fine traditional relation and cooperation between the parties and people of Laos and Cuba.

The head of the Cuban delegation also informed Lao party leader of the result of the talks with the delegation of the Lao People's Revolutionary Party. During the talks, the two sides agreed on furthering the ties of relations and cooperation between the two parties. Jose Ramon Balaguer thanked the LPRP CC's president for his warm welcome.

Accompanying the Cuban delegation were Thongsi Inthavong, member of the Party CC, deputy chief of the External Relations Committee of the Party CC and Cuban Ambassador to Laos H.E. Ricardo A. Danza Sigas.

Philippines

Philippines: NBI Dismantles Syndicate Producing Fake U.S. Visas

BK0307014696 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 2 Jul 96

[FBIS Translated Text] The National Bureau of Investigation [NBI] has dismantled a syndicate behind the production of fake U.S. visas. The NBI agents have confiscated about 10,000 fake U.S. visas as well as printing equipment and several fake Philippine passports. Paulino Concepcion, the syndicate's leader, has admitted that the fake visas are sold at 200,000 pesos each. Together with Concepcion, others arrested include his wife Remegia, Ernesto Laxamana, and Renato Valdes.

Philippines: Landing Problems Hit President's Plane; Ramos Dodges Attack

BK0307151396 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 3 Jul 96

[FBIS Translated Text] President Fidel Ramos's life was put at risk this morning after Captain Chester Edwin, pilot of the president's Fokker.F-28 jet, refused to land the plane. The pilot was unsure if the plane's landing gear went down. The jet made several turns above the new airport in General Santos City before landing the president safely. After the plane landed, Ramos was met by a violent protest in the city. It was reported that Ramos was almost hit by a placard and that his convoy of cars was pelted. Here is an additional report from Grace de la Pena. Grace, come in:

[Begin de la Pena recording] The protest that greeted President Ramos upon his arrival in General Santos City was violent. Police estimated there were several thousand demonstrators lined along the streets from the new airport in General Santos and in other parts of the city. The demonstrators shouted out their opposition to the city's inclusion in the establishment of the Southern Philippines Council for Peace and Development at the president.

There was chaos when the president's convoy passed. Ramos opened the second door of his Nissan Safari to wave to the crowd but the windshield of his car was pelted with tomatoes. The rest of the cars in the convoy were beaten with placards.

According to Ramos, one person attempted to hit him with a placard but he was able to dodge it.

Meanwhile, Ramos directed the police in General Santos to avoid using excessive force in handling the demonstrators. Ramos said he will study the feelings of the people there because protests are part of the country's democracy.

Like Zamboanga City, which Ramos visited yesterday, General Santos is one of the most progressive cities in the area to be included in the council. There are also more Christians there than Muslims and both cities oppose their inclusion in the council that will be headed by the Moro National Liberation Front.

At the conclusion of his two-day visit in Mindanao to campaign for the council, the president said he wants to get the understanding of the people of Mindanao on the council. Ramos believes the council will benefit the majority of the people and this is needed to finally uplift the region. [end recording]

Philippines: Mindanao Council Protesters Threaten To Raise Flag Inverted

BK0807130896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 8 Jul 96

[FBIS Translated Text] The threat to raise inverted flags in some parts of Mindanao will not be allowed by the government. Sedition charges will be filed against anyone doing so. Do conflicting views on the issue of peace in Mindanao have to reach this point? Our reporter Grace de la Pena has a report. Grace, come in:

[Begin recording] [De la Pena] Protests in some parts of Mindanao over the implementation of the Southern Philippines Council for Peace and Development [SPCPD] continues. There was the pelting with tomatoes, whipping of placards, and the latest was a call to raise the Philippine flag inverted which is done only in times of war.

The government warned protesters to take it easy in their speeches and actions since they can still protest without violating the law.

[Presidential Legal Counsel Atty. Renato Cayetano, identified by caption, in English] ...To temper their language and their action because we don't want to see them step into the forbidden land of sedition and inciting to sedition. We respect their right to speak against the creation of the SPCPD as part of the freedom of speech. But as you know very well, like any other freedom, the freedom of speech is not absolute.

[De la Pena] Sedition and inciting to sedition can be punishable for up to six years in prison, and for officials, disqualification from holding any government position.

Interior Secretary Robert Barbers returned from Zamboanga del Norte where, according to him, some officials have allegedly called for the raising of an inverted flag. In his report to the president, Barbers said it is certain that some have called for such action but no one wants to admit it.

The government has rejected the calls made by some senators to suspend temporarily the fourth and last round of peace talks with the Moro National Liberation Front [MNLF] while the issue regarding the council remains unresolved.

[Executive Secretary Ruben Torres, identified by caption, in English] This is not only the government that is scheduled; even the MNLF has to agree on the schedule. I should realize this.

[Unidentified correspondent] So the peace talks will not be postponed?

[Torres, in English] No. We will continue with the talks. There is a momentum already for peace [words indistinct] you know, it's very difficult to determine what will happen.

[De la Pena] The government will convene the officials of those areas in Mindanao that will be included in the SPCPD on Wednesday to attempt to explain the issue and convince them that the council is for their own benefit.

In the meantime, the government clarified that its position regarding the council will not change. [end recording]

Philippines: Ramos Insists Zamboanga Join Mindanao Development Council

BK0307115096 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 2 Jul 96

[FBIS Translated Text] A protest met President Ramos on his arrival in Zamboanga City this morning. Zamboanga residents were opposing the establishment of the Southern Philippines Council for Peace and Development. Here is a detailed report from Grace de la Pena. Grace, come in:

[Begin De la Pena recording] A protest met President Ramos during his visit here to Zamboanga City. Several hundred city residents protested the inclusion of Zamboanga City in the establishment of the Southern Philippines Council for Peace and Development. The president's visit is aimed at assuring the people of Zamboanga that they have nothing to worry about.

However, according to Congresswoman Maria Clara Lobregat, Zamboanga residents do not want to be included in the council and do not like Misuari [Nur Misuari, Moro National Liberation Front chairman], as he does not believe in the Constitution.

However, the president is adamant. Ramos believes a majority of the people in Mindanao want to have a council to implement projects for the region's benefit.

Ramos warned the people of Zamboanga that if they do not allow the Muslims in, that they will lose huge investments from Muslim countries such as Indonesia, Brunei, Malaysia, and even from the Middle East.

Congresswoman Lobregat said they will bring the issue to the court if the government insists.

President Ramos is confident the government will win the case, like its victory on the Expanded Value-added Tax Law, the on-line lottery, and jai-alai [betting game].

Meantime, [words indistinct] of the council, the president assured that he will not abandon Zamboanga when it is under the council. Ramos said he needs their trust. [end recording]

Philippines: SPCPD Reportedly Needs P20 Billion Funding

BK0407061896 Manila BUSINESS WORLD in English 4 Jul 96

[Unattributed reprot — received via Internet]

[FBIS Transcribed Text] The national government may have to reallocate some P[peso]20 billion in resources set aside for the development of Mindanao to provide for the funding requirements of the newly created Southern Philippines Council for Peace and Development (SPCPD).

Sources at the Department of Finance said with the absence of any request to increase the budgeted amount for the region, funds for the council may be sourced from Mindanao's share of the P400 billion allocated for the entire country.

"Government has a lot of projects for Mindanao. To be able to implement these, we might need to transfer funds to be able to implement them," the sources said.

The government has set aside some P130 billion for the development of the each of the major divisions of the country — Luzon, Visayas and Mindanao.

Members of the Senate had earlier questioned the government's ability to support the expenses to be incurred by the council.

The amount was said to have been proposed by the MNLF panel headed by Nur Misuari.

Under the agreement signed by the government, the MNLF and representatives of the Organization of Islamic Conference (OIC), the SPCPD is authorized "in consultation, with the Consultative Assembly, utilizing funds from the National Government, (to) orchestrate the development efforts in the area, including the attraction of foreign investments, specially from OIC countries and the ASEAN."

The creation of the SPCPD has met opposition from the residents and government officials of different parts of Mindanao.

Philippines: President Ramos Warns Opponents of SPCPD

BK0307050396 Quezon City Radio Filipinas in English 0230 GMT 3 Jul 96

[FBIS Transcribed Text] President Ramos, yesterday warned critics of the Southern Philippines Council for Peace and Development or SPCPD that they face isolation if they insist on their stand against the council. He also said turning away from the Moro National Liberation Front or MNLF could mean closing the door to business in Muslim countries. Ramos, who is on a two-day peace and development journey in Mindanao told a crowd in Zamboanga City that a settlement with the MNLF would further open up Mindanao to foreign and local investments especially from Southeast Asian countries.

In a separate forum in Pagadian City, the president downplayed the protest against the council. He said, and we quote, we are [words indistinct] as a majority opposition of the people in Mindanao, unquote, he said when asked what he intended to do in the face of the growing opposition to the SPCPD. [sentence as heard]

Philippines: Officials Voice Support for Ramos Speech

BK0207082896 Quezon City Radio Filipinas in English 0230 GMT 2 Jul 96

[FBIS Transcribed Text] In reaction to the president's report, congressional and cabinet officials vow to support the reforms that still need to be competed. House Majority Leader Rodolfo Albano says passage of the comprehensive tax reform package will be (?made) by Congress when it resumes session this month.

Agriculture Secretary Salvador Escudro said he welcomed the president's policy to provide food security for the nation while improving the lot of the farm sector. On the other hand, Laguna Governor Jose Joey Lina noted the need to strengthen national and local government linkages as a means for better governance and participative democracy.

Meantime, Ernesto Maceda, Nationalist People's Coalition president, said he liked the chief executive's speech. He, however, reminded the president to focus more attention to basic services and infrastructure such as education and livelihood needed to improve the lives of the citizenry.

Laban [Struggle of the Filipino Democrats] Senator Gloria Macapagal-Arroyo said the president deserves to be congratulated for the economic gains achieved under his administration. But she added the administration must address two more challenges: how the masses would benefit from the fruits of economic reforms and how to improve and stabilize the peace and order situation particularly in Mindanao.

Businessman Raul Concepcion called for passage of the tax reform package to assure government of a steady supply of revenue for its program. Concepcion also expressed confidence that with continued foreign investments pouring into the country, the president's target to create 1.5 million new jobs until the end of his term is achievable.

Philippines: MNLF Chief Warns of 'War' if Peace Deal Collapses

BK0507055096 Quezon City Radio Filipinas in English 0230 GMT 5 Jul 96

[FBIS Transcribed Text] The head of the Philippines' main Muslim rebel group said Filipinos opposed to the proposed peace deal with the guerrillas should remember the war which engulfed the country's southern Mindanao region in the 1970s.

MNLF [Moro National Liberation Front] Chairman Nur Misuari said on television Wednesday night, and we quote, we have just to remind ourselves about the logical sequence that may follow, end of quote. Misuari was asked what would happen if the recent agreement between the government and the MNLF collapse.

The MNLF has led a 24-year old revolt for Muslim self-rule in the Mindanao region. More than 50,000 people died at the height of the conflict in the 1970s. Protest by Christians have erupted over the preliminary deal between Manila and the MNLF to set-up a transitional administrative body in the southern islands to be called the Southern Philippines Council for Peace and Development.

Philippines: Muslim Rebels Support Extension of Ramos' Term

BK0407062296 Manila BUSINESS WORLD in English 4 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Moro National Liberation Front [MNLF] has declared its support for the extension of the term of President Ramos.

Following the violent reception given to Mr. Ramos as he visited Mindanao, MNLF spokesman Absalom Serbesa said the Muslim rebel group will back Mr. Ramos if there is any move to extend his term of office after 1998. "It will be better if the term of our president will be extended...because we believe that he already knows how to handle everything about the peace process since it is not yet over," Mr. Serbesa said.

Mr. Serbesa, who is also a member of the MNLF peace panel, said there is a possibility that peace negotiations will collapse if Mr. Ramos does not stay on as president. "He knows what to do and he knows his way around the peace negotiations. Mr. Ramos is also one of the few men who has expressed sincerity in solving the peace problem in Mindanao," he added.

The support for Mr. Ramos came after an MNLF-GRP [Government of the Republic of the Philippines] meeting resulted in the forging of an agreement to establish an MNLF-dominated Southern Philippines Council for Peace and Development. However, there is strong opposition from the residents of the 14 provinces and nine cities that are expected to be covered by the council.

Philippines: Inclusion of Renegade General in Talks With NDF Denied

BK0407062096 Manila BUSINESS WORLD in English 4 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The government yesterday denied a National Democratic Front [NDF] proposal to include renegade soldier turned communist rebel General Raymundo Jarque in the list of consultants in the peace negotiations.

In a statement, the government negotiating panel said Mr. Jarque will not be covered by the existing Joint Agreement on Security and Immunity Guarantee [JASIG] given to other NDF panelists. The statement said "it (government panel) categorically objected to the inclusion of Jarque in the NDF's list of 85 personnel covered by the JASIG."

The GRP [Government of the Republic of the Philippines] panel believes the presence of Mr. Jarque in the peace talks would not be favorable for both parties. "His inclusion negates a primary purpose of the JASIG which is to create a favorable atmosphere conducive to free discussion during peace negotiations and avert any incident that may jeopardize the peace talks," the statement said.

Philippines: Sustainable Development APEC Meeting Scheduled

BK0407053996 Quezon City Radio Filipinas in English 0230 GMT 4 Jul 96

[FBIS Transcribed Text] The Philippines has been hailed by co- member economies of the Asia-Pacific Economic Cooperation, APEC, for initializing and hosting the meetings on sustainable development. This was discussed by Foreign Affairs Undersecretary Federico Macaranas who noted that in less than a week's time the Philippines will host a senior officials' meeting or SOM, and ministerial meeting on sustainable development on 9-10 and 11-12 July respectively. The venue chosen for these events is the Hotel Intercontinental Manila. These meetings will seek to draw an APEC- wide framework on sustainable development in the areas of food in the context of increasing technical cooperation and sustainable agriculture, protection and conservation of bio-diversity, disaster preparedness and mitigation and promotion of transfer of environmental-friendly technology and innovative approaches towards environmentally-sustainable development.

The APEC officials are also expected to take up the outcomes of the experts' meeting on innovative approaches on sustainable development had last 6-7 June at the Sulu Hotel in Quezon City and the Senior Officials' Meeting on environment and the economy at (?Globe 96) in Vancouver, Canada.

It can be recalled that President Ramos put forward the concept innovative approaches towards sustainable development such as the debtor-nature swap during the leaders' meeting in Seattle in 1993.

APEC groups together Australia, Brunei, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Chinese Taipei, Thailand, and the United States of America.

Philippines: Ramos on Expectations for APEC Meeting

BK0507054996 Quezon City Radio Filipinas in English 0230 GMT 5 Jul 96

[FBIS Transcribed Text] Philippine President Fidel Ramos said the fourth meeting of the leaders of Asia-Pacific Economic Cooperation, APEC, in Subic in November, will be distinguished not only by the promotion of economic growth but also by the improvement of the quality of life in the region.

In a speech delivered during the 50th anniversary of the Filipino-American Friendship Day, President Ramos said, and we quote, if we work together more intimately, and no doubt we will, then the APEC leaders' meeting in Subic will mark an important advance in spreading the benefits of economic growth, social development, and technology exchange among all peoples of the Asia-Pacific region. [no reference to closing of quotation as heard]

The Philippines and the United States are both members of APEC which counts among its members developed and developing economies. Other member economies in APEC are, Australia, Brunei, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Singapore, Thailand, and Chinese Taipei.

The Philippines is advocating for sharing of resources through development cooperation to reduce economic disparity in the region. This year's APEC will also see the active participation of the business sector.

As the Philippines and the U.S. renew their friendship, the president the future lies along the path of cooperation between ourselves and with others in the Asia-Pacific region.

Philippines: Scientific, Technical Pact Accord Forged With Gambia

BK0307090596 Manila PNA in English 1338 GMT 2 Jul 96

[Received via Internet]

[FBIS Transcribed Text] Manila, July 2 (PNA) — The Philippines has a new diplomatic partner — the Republic of Gambia with which it recently signed a joint

The two officials also signed an agreement on scientific and technical cooperation in education, agriculture, fisheries, science and technology, environment, and administration.

The Department of Foreign Affairs has yet to announce the two countries' ambassadors to each other.

Thailand

Thailand: Editorial Urges ASEAN To Fund Mekong Development Plans

BK0607120996 Bangkok THAILAND TIMES in English 6 Jul 96 p A4

[Editorial: "Mekong Development Plans Must Be ASEAN Based"]

[FBIS Transcribed Text] The Mekong River Basin Development program was the brain child of ASEAN. The ministerial meeting held in Kuala Lumpur last month was to lay the foundation for cooperation within the ASEAN-Seven to fund the projects under its initiative.

Thailand, being in the frontline because it borders other member countries involved in the Mekong Basin development, has plenty to gain and not much to lose by cooperating with the ASEAN member countries in the development of the sub-region.

As a step towards financing future ASEAN sub-regional development schemes, the move to establish an ASEAN Bank should be applauded. Thailand's policy of being complementary to other ASEAN member states, with the lone initiative raised by former deputy foreign minister Charat Phuachuai to bring in non-ASEAN members to fund the Mekong project, not only runs counter to Thai interests, but goes against the principles and consensus reached on the basin's development by ASEAN.

The removal of Charat from office immediately upon his return from a trip to Australia and New Zealand did not surprise those conversant with ASEAN affairs.

Seemingly, the deputy foreign minister over-stepped his mandate with his unwarranted action. If he was not relieved from his position, Thailand's image could have been damaged within ASEAN. His attempt to bring in outsiders, who have yet to become members of ASEAN without a mandate from the organization, could have

Charat, could have created not only mistrust and misunderstandings within ASEAN, but could have thrown a wedge into ASEAN consensus and unity.

With the next meeting discussing the Mekong River Basin development to be held in Bangkok later this year, the immediate removal of Charat certainly saved the day for Thailand.

Any new incoming deputy foreign minister, who will probably also be a member of the Phalang Tham Party, would do well to keep on line with the policies of the "Thai establishment" on ASEAN matters. Any deviation from the standard policy of the country would run counter to national interests.

Nevertheless, it must be said that finance and resources are vital ingredients without which no venture could lid off the ground. Despite all good intentions, the development of the Mekong river basin needs funds to see tangible results for prosperity to reach the region.

Speaking at the ASEAN ministerial meeting in Kuala Lumpur on Mekong Development Co-operation, Malaysia's Deputy Prime Minister Anwar Ibrahim suggested that ASEAN members consider providing "seed money" on a pro-rata basis for the establishment of a fund to develop the River Basin.

Anwar said, "Our goodwill in coming together and our imagination to conceive this project will come to nothing unless we are willing to commit ourselves to what is necessary for their implementation."

It was ASEAN that mooted the notion to bring all the former underdeveloped Indo-Chinese countries of Laos, Cambodia, Myanmar [Burma] and China into the Mekong River Basin Development program. It was and is ASEAN's belief that development and prosperity in the sub-region will be the only guarantee for peace and security.

To implement the massive project certainly goes beyond the capacity of a single nation to underwrite. By providing the seed money, ASEAN will show its confidence in the economic potential of the sub-region and its commitment to the well-being of the people of that region. The project will become a vehicle to draw in neighbors from the mainland Southeast Asia to enjoy and share the mainstream ASEAN growth, Anwar emphasized.

The Mekong Basin, which covers an area of 2.3 million square km, like elsewhere in ASEAN, should be driven by the private sector. The basic framework to boost economically sound and sustainable development of the basin is the ASEAN goal.

The responsibility of raising funds for the Mekong development project could come from — the proposed ASEAN fund and eventually through the envisaged ASEAN Bank. Until then, arrangements to involve other international financial institutions like the Asian Development Bank, the World Bank or any other private or government funds should be initiated by ASEAN as a whole.

Such funding arrangements should not be led to an individual deputy foreign minister or to a couple of countries outside the ASEAN forum to determine the destiny of the people and development in our subregion.

Thailand: Commentary Questions ASEAN Policy Toward Burma

BK0107101596 Bangkok MATICHON in Thai 29 Jun 96 p 6

[Commentary by Chaiyut Chotiban: "Death of James Nicholas — Natural Causes or Murder?"]

[FBIS Translated Text] The mysterious recent death of James Nicholas, former honorary consul for the Scandinavian countries, in Burma's Insein Prison has generated reaction in many parts of the world. Sweden, Denmark, Norway, Finland, and New Zealand have asked the Burmese Government to investigate the cause of death, not believing media reports that he died of a combination of heart problems, diabetes, and high blood pressure. The Burmese Government has issued no official statement on his death.

On 17 May, Burmese soldiers searched the Nicholas house in Rangoon and discovered fax and teletype machines and a telephone. Nicholas was charged with unauthorized possession of communications equipment and sentenced to three years in prison. He was found unconscious in his cell a month later and was taken to the prison hospital, where he died.

A Christian funeral was swiftly arranged for Nicholas in the prison. He was buried before his relatives from Australia could arrive to attend the funeral. The Burmese Government behaved suspiciously, refusing to hand over the body to his relatives. His relatives do not believe that he died of natural causes because he appeared to be in good health previously. They were told by women who attended the funeral that they could only see his face and noticed stitches on his head. They surmised that he might have been beaten before he died or the stitches might be the work of the doctor performing the autopsy.

The world was surprised by how the Burmese Government refused to hand over the body to Nicholas' relatives and wondered why it buried him so hastily. According to Burmese custom, it is unusual for the government to bury anyone that quickly, particularly a foreigner. The reason for the Burmese Government's haste could be to discourage foreign investigation of Nicholas' death, fearing the discovery of the true cause of death.

Nicholas is not the only foreigner to have died in a Burmese prison. Many have died there, while many more have been used as forced labor in dangerous work. Pressure on the Burmese Government from the United States and the international community to respect human rights has not been very successful; many countries continue to invest in Burma.

On 26 June, Massachusetts became the first U.S. state to enact a law banning trade and business contacts with Burma or with companies doing business along the Burmese border.

The United States has spearheaded concerted action against the Burmese Government, but so far the ASEAN countries and other Asian countries have hesitated to condemn Burma for fear of a negative impact on their business interests. Perhaps it is time for ASEAN to review its constructive engagement policy toward Burma. The political problem in Burma is no longer limited to the Burmese people. It has become a world problem. The ASEAN countries see the Burmese problem as minor because they are looking through distorted glasses.

Thailand: Ministry Official Opposes Western Pressure on Burma

BK0107084296 Bangkok Radio Thailand Network in English 0000 GMT 1 Jul 96

[FBIS Transcribed Text] Permanent Secretary for Foreign Affairs Mon Ratchawong [royal title] Thep Thewakun expresses his opposition to some Western countries which are applying pressure on Myanmar [Burma] to improve the human rights issue. The permanent secretary remarks that Western countries are concerned about Myanmar and want that country to become democratic. He says Western countries should leave the Myanmar Government and Nobel Peace Prize winner Aug San Suu Kyi to solve the conflict, as long as no violent means are used to settle their political dispute. This is because the issue is considered the internal problem of Myanmar.

The permanent secretary says Myanmar still has trade and investment contacts with Western countries, and the United States, in particular, has so far invested more than U.S. $280 million in Myanmar. He says Deputy Prime Minister and Foreign Minister Amnuai Wirawan has recently told a U.S. envoy that Myanmar has shown its enthusiasm to become democratic, as seen from the drafting of a new constitution based on the multiparty system. The permanent secretary stresses that ASEAN welcomes Myanmar to become a full member of ASEAN, and that country is ready.

Thailand: Minister on 'Constructive Engagement' Toward Burma

BK0107071396 Bangkok BANGKOK POST in English 1 Jul 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Through "constructive engagement", Thailand is trying to engage Burma in a cooperative effort to build stability and security in the region, according to Foreign Minister Amnuai Wirawan.

"We want to engage Burma in this region, we don't want to isolate it," he said.

"What does constructive mean? Constructive does not mean complete hands-off, complete non-involvement. We must do certain things together for the benefit of the region, for the stability and security of the region...

"How do we engage them? By doing things with them that are mainly for the good of their people."

But as for Burma's internal affairs, Thailand will abide strictly by the principle of non-interference, said the Foreign Minister.

Thailand sent an observer to the May 27-28 congress of Aung San Suu Kyi's National League for Democracy [NLD] because it was "invited" and felt this was a "legitimate" thing to do, the minister said.

Thailand has seen that "differences" exist between the NLD and the ruling State Law and Order Restoration Council (SLORC) over the constitution draft, and "would like to see them sort out their differences by negotiation, rather than confrontation" .

Thailand: Report Views Border Problems With Burma

BK0607134096 Bangkok MATICHON in Thai 4 Jul 96 pp 33, 34

[Report by Somchit Rungchamratrasami]

[FBIS Translated Text] Thailand and Burma share a 2,000-km border, part of which is land while other parts are river and the sea. For some 45 years, Burma has had running disputes with ethnic groups, particularly with Karens under the Karen National Union, whose bases near the border have affected ties with Thailand.

Ethnic minorities now are no longer a major problem for Burma because it has been able to reach cease-fire agreements with 16 of them. Burma's major current challenge is the problems along its border with neighboring countries, particularly Thailand, with which it has unresolved border disputes. There are no signs of either side reaching an understanding despite the available evidence that could settle disputes.

Thailand and Burma formed a regional border committee [RBC] and township border committee [TBC] in 1989 to solve border problems. This is because Burma was impressed by Thailand's repatriation of Burmese students who had taken refuge there. Some 80 border issues were brought up for study by the two committees since, but only few have been solved.

Thai officials in the RBC and TBC attribute their failure in solving outstanding border problems to insincerity and selfishness on the part of their Burmese counterparts. Many times the Burmese could not make a decision and had to refer to their superiors.

Third Region Commander Lieutenant General Thanom Watcharaphut, the Thai RBC chairman told newsmen after their 13th meeting on 21 June that no progress was made because Burma wanted Thailand to admit that it had intruded into Doi Lang, near Huai Ha village, Mae Ai District of Chiang Mai Province; and into Kakan Island near Ranong Province. He said: "I absolutely refused to accept the Burmese demand that I sign an acknowledgement. There was no discussion of it in the meeting in the previous two days. The issue will have to be discussed by a joint meeting of a higher level border committee, headed by the deputy foreign minister."

Some 1,500 Burmese soldiers now confront Thai soldiers in the disputed area in Doi Lang. Gen. Thanom said before the 21 June meeting that he would consult the Burmese on the withdrawal of soldiers by both sides to avoid further waste of the national budget. After the withdrawal, the joint border committee could decide to whom the disputed area belonged.

Another issue which became important at the RBC meeting is the dispute over land near the Thai-Burmese Friendship Bridge which is under construction. Burma has demanded that construction be stopped until the dispute is resolved. Efforts to resolve the dispute at the local level have failed, and action by higher Thai-Burmese authorities is now awaited.

A Thai military officer belonging the Third Army Region said the Thai Government and armed forces should change their attitude toward Burma because the Burmese participating in the RBC and TBC have never cooperated or shown any sincerity in solving the disputes. They had no authority to make any decision from the first meeting.

The 21 June RBC meeting is certain to create tension in the future meetings of both the RBC and TBC, particularly between Thai and Burmese military officials despite efforts by senior Thai officials who claim that ties remain good. However, the Thai rejection of the demand of Major General Ket Sein, commander of the Southeast Commander who is reportedly close to SLORC's Lt. Gen. Khin Nyunt, that Thailand acknowledge its intrusion into Doi Lang, is certain to displease the Burmese and increase tension between the confronting troops.

The Burmese infantry division 88 near the Thai border was recently replaced by some 4-5,000 soldiers of division 101 under Maj. Gen. Sein Win. Some 700 people in Myawadi were drafted to haul weapons for the rotating Burmese units.

Maj. Gen. Sein Win is a Shan by birth. In a previous dispute with Thai soldiers he ordered his troops to fire heavy and personnel weapons into a Thai border village. His relations with Thai soldiers were bad while he was commander of infantry battalion 97 in Myawadi. His superior is well aware of his attitude toward Thailand. Therefore, his new assignment with border responsibilities does not augur well for Thai-Burmese relations.

Thailand: Agricultural Cooperation Accord Signed With Cambodia

BK0107084596 Bangkok Radio Thailand Network in English 0000 GMT 1 Jul 96

[FBIS Transcribed Text] Thailand and Cambodia have signed a Memorandum of Understanding on their cooperation in agriculture, fisheries, and forestry. The memorandum was signed on Saturday by Minister of Agriculture and Cooperatives Suwit Khunkitti and his Cambodian counterpart Tav Senghua, who made a visit to Thailand as a guest of the ministry.

Mr. Suwit said both sides will cooperate in planting economic forests both in Thailand and Cambodia. He said his ministry will seek cooperation from Kasetsat University for help in the establishment of a university of agriculture in Cambodia. Mr. Suwit said he has proposed that Thailand and Cambodia promote investment in the fields of agriculture and agro-industry.

The Cambodian side promised to consider the Thai proposal. Moreover, Thailand offered scholarships for Cambodian officials to undergo training in agricultural colleges and other educational institutions in Thailand. The technical assistance will greatly help in agricultural development in Cambodia.

Thailand: Police Official on 'Distorted' Repatriation Incidents

BK0107071196 Bangkok THE NATION in English 1 Jul 96 p A2

[Unattributed report]

[FBIS Transcribed Text] A senior police official yesterday claimed that incidents at a Nakhon Ratchasima refugee camp on the weekend were distorted in TV reports, with past violent scenes in Hong Kong added to make protests against repatriation from the Thai camp look more serious than they actually were.

Third Police Region deputy chief Pol [Police] Maj. Gen. Laemthong Yan-ubon also said that more Vietnamese have volunteered to return home following a raid on the refugee camp by security forces early on Saturday.

Laemthong said 100 asylum-seekers had signed a letter saying they were willing to go back to Vietnam. However, roughly 3,800 Vietnamese still remain at the Lat Bua Khao refugee camp and officials said they were waiting for Vietnamese authorities to verify their background.

Laemthong downplayed the raid on Saturday, which ensued after some of the refugees cut themselves to resist forced repatriation.

More than 80 Vietnamese were arrested. He said the TV news coverage of the incident had been heavily edited to make the protest look more serious than it actually was. "It was just a minor protest by radical refugees. The news coverage was edited and mixed with shots of past violence in Hong Kong's refugee camps. This made the world think the protest was violent and has tainted the image of our country," he said.

In reality, he claimed a few "radical refugees" had cut themselves and smeared blood over their bodies to fool people into believing they were seriously injured.

Interior Ministry [Deputy] Permanent Secretary Damri Watthanasingha said Saturday's incident was not as violent as protests in other countries where the Vietnamese asylum-seekers have or are currently being forced to return home.

He stressed that Thailand will continue to repatriate the Vietnamese. "It's our duty (to send them back), and they have to return home without any preconditions," he said.

Eighty-seven Vietnamese were rounded up on Saturday and sent home on a commercial flight after a pre-dawn raid on the Lat Bua Khao refugee camp in Nakhon Ratchasima's Si Khiu district. They were the first of 12,000 Vietnamese that Thailand plans to deport by the end of the year, part of a Southeast Asia-wide process to send home those Vietnamese judged to be economic migrants rather than political dissidents who would face persecution upon returning.

Thai police and regional administration officials, speaking on condition of anonymity, reported that many refugees who witnessed the raid on Saturday had subsequently volunteered to go home.

No fresh repatriations were reported yesterday. Officials indicated that the forced returns will be put on hold temporarily to assess whether the voluntary approach was working and whether Vietnam will accept those already sent back.

About 2,000 police and soldiers, carrying shields and riot batons, entered the camp about 4 am on Saturday and rounded up refugees identified as the most likely to inflame resistance to repatriation.

Many people climbed on the roofs of their barracks and threatened mass suicide.

Seven of those wanted by the security forces cut themselves with knives to make themselves unfit to travel.

Thailand: Wirot Confirms Reports on Threat Against Banhan

BK0107071496 Bangkok THE NATION in English 1 Jul 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Supreme Commander Wirot Saengsanit, speaking on his return from China, last night confirmed the existence of intelligence reports on attempts to either kill or kidnap Banhan, saying the military had reacted to the threats by providing more soldiers to protect the prime minister.

Police last week had refused to confirm the threats.

Thailand: 'Potential Conflict' Expected Over New Army Chief

BK0207054596 Bangkok BANGKOK POST in English 2 Jul 96 p 1

[Unattributed Report]

[FBIS Transcribed Text] A potential conflict is brewing over the choice of successor to outgoing Army Commander-in-Chief Gen Pramon Phalasin who will retire at the end of September, an Army source said.

While Gen Pramon wants Deputy Army Chief Gen Chettha Thanacharo to be his successor, Supreme Commander Wirot Saengsanit has nominated Armed Forces

Chief-of-Staff Gen Mongkhon Amphonphisit for the post, the source added.

The source said Gen Pramon will start working on the Army reshuffle list around the middle of this month after he returns from the United States.

Gen Pramon is apparently unhappy over the tussle for the top post the source added.

"I will adhere to legitimacy and righteousness. In working out the reshuffle I will stick to principles," the Army chief was quoted as saying by a close aide.

Gen Wirot, Defence Permanent Secretary Phaibun Emphan, Gen Pramon, Air Force chief ACM [Air Chief Marshal] M.R. [Mom Ratchawong — royal title] Siriphong Thongyai and Navy chief Adm Prachet Siridet are due to retire at the end of September.

Meanwhile, Gen Wirot maintained during an interview that the commanders of the three armed forces were responsible for preparing their reshuffle lists.

But he said he is empowered to make changes to the lists and, if that happens, it shouldn't be construed as an abuse of power.

"It is within my authority to make changes. If the lists are properly drawn up, I will not touch them. But if an unsuitable appointment is made, I will change it," Gen Wirot said.

The Supreme Commander said Defence Minister Chawalit Yongchaiyut, too, has the power to change the commanders of the armed forces.

"But if he (Gen Chawalit) made changes at the lower rungs of the ladder, such as regiment commanders, his action would be seen as an abuse of power because he does not have the authority to do so," Gen Wirot said.

The military reshuffle lists, Gen Wirot said, will not be forwarded to the Prime Minister but to the Defence Minister according to the proper chain of command.

Gen Wirot brushed aside reports that he would be appointed defence minister after his retirement, saying they were just rumours.

Thailand: Banhan, Chawalit Visit Military as Shuffle Looms

BK0307055696 Bangkok BANGKOK POST in English 3 Jul 96 p 3

[Unattributed report]

[FBIS Transcribed Text] With the reshuffle approaching, the military is perceiving separate visits to the three branches of the armed forces by Prime Minister Banhan Sinlapa-acha and Defence Minister Chawalit Yongchaiyut as a race to broaden their standing among senior officers.

Also evident is a clear line of divide with Mr Banhan and Supreme Commander Wirot Saengsanit on one side and Gen. Chawalit and Army Chief Pramon Phalasin on the other.

A source, an army general, said yesterday the armed forces were feeling uncomfortable with the apparent lack of solidarity in the military.

Gen. Wirot, however, earlier denied there were points of conflict among top military leaders.

Gen. Chawalit was accompanied by Gen. Pramon on his visits to the First Army Region on June 16, the Lop Buri-based Special Warfare Command Headquarters and the Suranari Task Force in Surin on June 26.

On June 28, they went together to visit the Army's Burapha Force in Prachin Buri and the Navy's Chanthaburi-Trat Force in Chon Buri province.

On all the occasions, Gen. Chawalit was seen wearing the army uniform.

The two are scheduled to visit the Second Army Region tomorrow.

Mr Banhan and Gen. Wirot, meanwhile, will visit the Burapha Force and the Chanthaburi-Trat Force today.

They will leave for the Suranari Task Force in Surin early in the morning before proceeding to the Burapha Force.

Gen. Wirot yesterday said Mr Banhan will be briefed on the military's plan to transform the Second Infantry Division into a cavalry division.

The Prime Minister has already approved an additional budget of five billion baht to the Supreme Command Headquarters for the purchase of 295 armoured vehicles for use in the new cavalry unit.

Gen. Wirot said he also wanted Mr Banhan to see with his own eyes how old the weapons of the Armed Forces were so he could understand why the military needed a big budget for weapon procurements.

He said most of the weaponry was between 30 to 50 years old.

The M-41 tanks have been in use for 34 years and have already been repaired several times, Gen. Wirot said, adding that he also planned to ask for a budget for the procurement of two battalions of tanks.

In the afternoon, Mr Banhan will visit the Chanthaburi-Trat Force which received about one billion baht from the Supreme Command Headquarters to buy light tanks for border deployment.

Military officers, however, wonder why Mr Banhan and Gen. Chawalit didn't come together because that have helped save time and budget.

The source said the military saw that the two wanted to build up their own power base in the armed forces by competing for favours from top officers.

With the Prime Minister pulling the budget strings, he seems to be in a better position.

The source said the Prime Minister had already pledged support for Gen. Wirot's request to buy new M-41 tanks.

A source close to Gen. Chawalit said Mr Banhan had asked the Defence Minister to join him on the visit today but Gen. Chawalit turned him down because he thought he was the superior as far as defence matters were concerned.

Gen. Chawalit then assigned Defence Permanent Secretary Phaibun Emphan to represent him, and Gen. Pramon in turn asked his deputy, Chettha Thanacharo, to stand in for him.

A source close to Gen. Pramon, meanwhile, said the army chief was concerned that reports about the race for the top army post could create disunity in the military.

Gen. Pramon, who is due to retire in September, has always repeated that his successor must be acceptable by the military and that the promotion must not lead to conflict in military ranks.

The source said Gen. Pramon would nominate Gen. Chettha as the new army chief.

There are reports that Gen. Wirot and Mr Banhan support Supreme Command chief-of-staff Mongkhom Amphonphisit, who also has close relations with former prime minister Prem Tinsulanon, as the new army chief.

Gen. Wirot, Mr Banhan and Gen. Mongkhon have lately shown a distinct affinity for each other, the source said.

Thailand: Chawalit Orders Military Telecoms Center Moved

BK0307045696 Bangkok BANGKOK POST in English 3 Jul 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut has taken a bold step forward in his attempt to win Cabinet approval for his ambitious, though controversial, military satellite project in the face of the uncertainty surrounding the multi-billion-baht scheme.

Gen. Chawalit has issued an order to move the Centre of Communication Technologies and Telecommunications for National Defence, which will be handling the satellite, from Don Muang to the Defense Ministry so that he can closely supervise its work, a highly-placed military source said.

The satellite communication centre will later be moved to Khao Cha-ngok in Nakhon Nayok province where a ground station for receiving and sending signals will be built, the source said.

In addition to appointment of Lt. Gen. Montri Suphaphon as the new director of the centre in April, Gen. Chawalit has appointed Lt. Gen. Aran Chomphaisan, a graduate in space engineering, to assist Lt. Gen. Montri.

The two officers have also been asked to organise a seminar on the theme "Space and National Defence" to educate the people on the merits of the project.

"Gen. Chawalit told us the project will materialise, no matter what. He said some people in the Government have been a stumbling block to the project for fear of losing their (vested) interests," the source said.

Gen. Chawalit is continuing his efforts to win an allocation from the 1997 budget for the satellite project. He has assigned Defence Permanent Secretary Gen. Phaibun Emphan to explain to the budget scrutiny committee why the project was viable and so vital to national security.

Gen. Phaibun's main task, however, will be to convince the committee that the project would cost only about 10 billion baht, not 28 billion baht as earlier believed.

Thailand: Dailies on Prachakon Thai Rejoining Government

BK0207125896

[FBIS Report] Two Thai-language dailies, NAEO NA and SIAM RAT, on 2 July carry editorials criticizing the Prachakon Thai Party for retracting its word and deciding to rejoin the coalition government of Prime Minister Banhan Sinlapa-acha.

NAEO NA's editorial on page 3, entitled "A Worry for Prachakon Thai," says this is a serious setback for the party. Recalling its reasons for pulling out on 15 June, the 700-word editorial says Prachakon Thai was able to convince the people then that its decision was based on party principle. It said it would return to the government only when it received an assurance from the prime minister and his Chat Thai Party that the Phalang Tham Party would not be allowed to further breach coalition agreements. "Anyway, only 12 days after the pullout, Prachakon Thai Party has decided to rejoin the government," the paper notes.

The reason given by Prachakon Thai leader for rejoining the government is: "The party wants to help the weak, which is better than helping the strong." The editorial says: "The people who voted for the Prachakon Thai Party cannot think otherwise, except that the government is weak now, weaker than the opposition." With reference to its leader comparing his party's role to that of "a shoelace that will make the shoe fit well for the government," the editorial asks: "What would they feel, those who voted for the Prachakon Thai to represent them, when they realize that the party only has the merit of a shoelace?"

Reviewing the ups and downs of the Prachakon Thai in the previous general elections, the editorial says it is very concerned for the party. The party leader's decision to quit and to immediately rejoin the government will only sink the party to an all-time low in terms of popularity.

SIAM RAT has entitled its 700-word editorial on page 6 : "Shoelace." The editorial notes that Prachakon Thai's return would boost the government's strength to 232 seats. Recalling an affirmation by the Prachakon Thai leader Samak Suntharawet not to rejoin the government under any circumstances, the editorial says: "The Prachakon Thai Party has finally accepted the invitation of the six-party coalition to rejoin the government. This is a success of Banhan Sinlapa-acha, who is known for his skill in reconciling the interests of various parties. Prachakon Thai explained that it decided to rejoin the government because it wanted to continue to work, as it gives priority to national interests. The party leader said he could not ignore pleas from friends crying for help." The editorial wonders why the party did not think of this when it withdrew from the government.

"There is one reason above all others," the editorial says, adding: "With its control of 232 seats in the parliament, the seven-party coalition government would easily be able to handle the opposition's no-confidence debate. That means Banhan would be able to continue as prime minister for as long as he wishes. The same for his cabinet ministers."

Thailand: Editorial on Prachakon Thai's Rejoining Coalition

BK0207050496 Bangkok THE NATION in English 2 Jul 96 p A4

[Editorial: "Unprecedented Level of Political Cowardice"]

[FBIS Transcribed Text] Prachakon Thai made history last month when it decided to pull out of the coalition government, with its reason to do so based on a rare and admirable political principle.

On Sunday, however, the party disregarded its previous decision and returned to the government's fold, saying unity was more important. But in reality, it could be due to the fact that having been out of government for even just a short time has already made it hungry for power.

In short, this decision has negated whatever praise Prachakon Thai had received. And it's hard to find an adjective that would best describe this act. Disgrace comes to mind, although this sounds a bit too tame.

Many of the party's members, especially the MPs in Bangkok, voted against returning to the Banhan government. But they were unable to do anything because party leader Samak Sunthorawet, who made the decision to pull out earlier, changed his mind and managed to lure the majority of members to go along with him.

Samak likened his 18-MP party's decision to "filling a pair of shoes with shoelaces" so that one can walk more comfortably. It smacks of a sell-out on principle and critics will be right to predict that Samak is the only party member who will win a seat in the next election.

There is no other time than now when the country urgently needs political morality. Democracy is not built by the rule of law but by the spirit of political principles, which include telling the wrong and right and standing by benevolent principles. Samak tampered with both and this reveals an uglier side of Thai politics.

First, he put political patronage and clanship — when he said the coalition friends need his party to survive first. Any good political party would have put national interests first. Samak has never questioned why the government is unpopular and how damaging the politics of this government and its policies are to the nation, its people and the economy.

Secondly, he reiterated his unhappiness with the Phalang Tham Party's (PDP) decision not to support former interior minister Suchat Tancharoen during the recent no-confidence debate. He said the PDP should have voted for him first and that it should have decided later if Suchat was wrong or right with regard to allegations that he unfairly used his authority to get quick approvals for land title deeds.

Samak is confusing political justice with legal justice. The PDP had every right not to vote for Suchat in its capacity as a block member of Parliament. If Suchat's fate was to be decided later, then it is unlikely that transparency would prevail. The coalition members would not have been under as much public pressure as during the televised no-confidence debate to act with courage and neutrality in the case of Suchat. Most likely, the coalition would vote to protect Suchat as opposition MPs clearly had strong evidence against him.

Political justice is decided in Parliament because it allows people like Suchat to leave without being burdened by legal problems. Samak's very own words are similar to those of a "1,000-year turtle" to say the least.

Looking on the bright side, some senior Prachakon Thai members do not think like Samak, but put the national interest first before their own political interests. People like Lalita Roeksamran and Decho Sawananon refused to attend the Sunday meeting, while Suthep Wongkhamhaeng resigned from the executive board in protest. They should be voted in during the next elections and not Samak and those who opted for the return to the coalition government.

Samak has spelled doom for his own party with his vanity rather than building it up to promote democracy and righteous political principles. The only winner in his political soap opera is Prime Minister Banhan Sinlapa-acha.

Thailand: Article Views Financial Backing of Chawalit's Party

BK0807114496 Bangkok PRACHACHAT THURAKIT in Thai 4-7 Jul 96 p 23

[Unattributed commentary: "Examining the Communications Business To Show Power Base for Chawalit's Drive for Prime Minister's Seat"]

[FBIS Translated Excerpt] It is a fact that Prime Minister Banhan Sinlapa-acha's political position has been unstable following the no-confidence debate. This situation is attributed to many causes, including conflicts among coalition parties, insubordination by the faction of 16 in Chat Thai Party, and the marginal acceptance by the people of Banhan himself. Banhan's problems have in turn steadily boosted New Aspiration Party [NAP] chief General Chawalit Yongchaiyut's position to the point that many people feel that his party would be the party to beat should a general election be called prematurely.

It is believed that wealth is the main factor that would enable the NAP to win the election, and this wealth is attributed to the party's control of the country's communications services.

Although the NAP ranked third in the number of seats won in the last election — after Chat Thai and Democrat Parties — being the second biggest party in the coalition government gave it control of major ministries, such as the Communications Ministry. A surprise plus for the NAP is the opportunity to welcome Sombat Uthaisang as deputy communications minister, who is reputed to be the man placed there by CP (Charoen Phokphan conglomerate), its main financial backer in the past election. The appointment of Air Chief Marshal Sirin Thupklam and Phaisan Phutmongkhon to the board of the Telephone Organization of Thailand [TOT] also benefits the NAP. Since then big projects, such as the 1.1 million new phone lines, value-added services for the 2.6 million phone network, and multimedia firms, have added to the TelecomAsia (a CP affiliate) coffer. Not even Chinnawat and UCOM, the two giants that have maintained business grips in the TOT and the Communications Authority of Thailand [CAT], could resist TelecomAsia's penetration.

Close ties between TelecomAsia and the NAP became more obvious when Gen. Chawalit initiated the military satellite project and sent instructions to the Communications Ministry to accelerate service of PHS [Personal Handy Phone], whose operating system is similar to a mobile phone. He caused further consternation to the two mobile phone giants by instructing the Communications Ministry to send the contracts involving service providers for 900 mhz mobile phones and Worldphone network to the Juridical Council for interpretation of their monopoly status. If the interpretation states that the contracts do not amount to a monopoly the Communications Ministry intends to award new concessions.

Observers in the communications sector note that much of Chawalit's activities involve the communications business, such as the military satellite project, the mobile phone systems, and the 6 million phone line project. According to an observer: "Chawalit tried to campaign for a military satellite when he was still in the Army. He moved into the mobile phone business with the PHS, which the TOT board awarded to TelecomAsia and TT and T. He also instructed that interpretation of mobile phone contracts be speeded up." Phaisan Phutmongkhon, a TOT board member and a NAP founding member, said the 6 million phone line project is Chawalit's long- term goal. Chawalit hopes tender can be called for the project early next year. [passage omitted]

According to a source, Chawalit provides his communications sector with instructions through three channels. The first channel is through Deputy Communications Minister Sombat Uthaisang, who oversees all government telecommunications work. For example, Chawalit issued instructions concerning the PHS and the Veterans Association's mobile phone project through Sombat. In the second channel, if the work involves the TOT or the CAT, Chawalit sent his instructions through Phaisan Phutmongkhon, who is on the TOT and CAT boards, and through his brother Phichai. The third channel concerns legal affairs. Chawalit uses Phokhin Phonlakun, a legal specialist. Phokhin is involved in accelerating the interpretation of mobile phone contracts and amending joint venture regulations so that the 6 million phone line project could start at the beginning of the eighth national development plan.

The eighth national development plan from 1997-2001 calls for the TOT to install at least 6 million new phones. A tender for this project will be huge because it is estimated to involve some 180 billion baht in investment. To date, the TOT is studying the project and preparing a tender for early 1997. The TOT also hopes that a favorable interpretation of mobile phone contracts will allow it to award new concessions. Every major communications company is expected to hotly contest the biddings for these two giant projects. To lose the bidding is tantamount to missing the money train.

Thailand: Editorial on Central Bank Governor's 'Shaky' Position

BK0107095996 Bangkok MATICHON in Thai 28 Jun 96 p 20

[Editorial: "Wichit — Central Bank Reaches Era of Decay"]

[FBIS Translated Text] Several ministers criticized Bank of Thailand Governor Wichit Suphinit in his absence during the 25 June cabinet meeting. There were two main issues. First, he was slow to address the problems of the Bangkok Bank of Commerce [BBC] and failed to report the outcome of his remedial action to the government. Second, he was not enthusiastic enough in responding to the government's policy of having commercial banks cut interest rates. What happened during the cabinet meeting shows that the governor's position is very shaky and he could be fired at any time.

The plan to cut interest rates is common knowledge to the general public because of continued reports in the media. In a news conference on 25 June, Deputy Prime Minister Amnuai Wirawan said the central bank's delayed implementation of the government policy caused commercial banks to postpone the interest rate cut, thus allowing big financial institutions that borrow from abroad at lower rates to continue exploiting the rate gap and causing medium and small business establishments to continue suffering from high interest rates.

It is not unusual for the government to craft a financial and banking policy that contradicts that of the central bank. It is unusual, however, for the central bank to operate without the dignity that comes with its status as the nation's independent financial institution.

Compared with the central bank under the helm of Puai Ungphakon, the central bank under Governor Wichit is far inferior. Under Puai, the bank enjoyed prestige and never suffered from any ethical controversies. The current governor's reported acceptance of private company shares has tarnished his reputation, not to mention his inefficient response to the BBC problem.

The administration has expressed discontent with Wichit and will probably dismiss him. The central bank staff has not indicated that it will defend its boss. The public also appears nonchalant about the possible dismissal of the bank governor. This shows that the bank governor's position is extremely shaky. We shudder to think how much more the central bank's image will suffer under the current governor or about the country's financial and banking situation.

Thailand: BOT Governor Tenders Resignation to Finance Minister

BK0307024596 Bangkok BANGKOK POST in English 3 Jul 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Bank of Thailand Governor Wichit Suphinit resigned yesterday, ending weeks of speculation fuelled by allegations of ethical misconduct and mismanagement.

Mr Wichit who had been at the bank for 30 years, tendered his resignation to Finance Minister Bodi Chunnanon just before the Cabinet was to decide his fate. The resignation took effect immediately after Mr Bodi informed the Cabinet of his decision.

Sources said Mr Wichit met Prime Minister Banhan Sinlapa-acha early yesterday and was told to resign or be dismissed. His letter of resignation was written in longhand, they said, indicating the decision was made in haste.

Mr Banhan denied he had a role in Mr Wichit's resignation and refused to comment when asked if the departure would improve the central bank's standing.

Mr Bodi also denied he had pressured Mr Wichit to resign, saying the former governor was the only person who could give reasons for his resignation.

In the letter, Mr Wichit gave no reason for his decision said Mr Bodi, who conceded the development would have an impact on the economic climate.

"I think he resigned because he wanted to show spirit," Mr Bodi said. "Criticism of him was growing."

The Cabinet will meet next week to decide on a replacement from among four or five candidates Mr Bodi declined to identify. "The new governor must be honest and can be an insider or outsider," he said.

Deputy governor Roengchai Marakanon has been appointed a temporary replacement for Mr Wichit, who could not be reached for comment.

Mr Wichit had been heavily criticised by the Cabinet last week for maintaining a high interest rate policy when the Government had made known it wanted a cut in line with market movements. During the meeting, ministers said Mr Wichit's policy had slowed the country's export-oriented economy.

Mr Wichit, 54, who joined the central bank as an assistant economist in 1966, became governor in 1990.

Apart from criticism of his interest rate policy, Mr Wichit's ethics had been called into question when he accepted shares from Siam City Credit Finance Co at par value when it was seeking to be listed on the Stock Exchange of Thailand.

Mr Wichit was also accused of meddling in politics by ordering the National Intelligence Agency to investigate Ekkamon Khiriwat, who was subsequently dismissed as deputy governor on charges of leaking state secrets. He denies the charges.

More recently, he came under fire for failing in his duty as financial regulator to take prompt action as Bangkok Bank of Commerce [BBC] executives extended vast loans on insufficient collateral to politicians of the Group 16 faction.

Deputy Finance Minister Praphat Phosuthon said Mr Wichit's resignation would benefit the economy.

The sources said the Finance Ministry was expected to propose an outsider to succeed Mr Wichit. "The central bank has suffered an image crisis because of scandals surrounding Mr Wichit," said one.

"The problem is institutional and needs to be addressed by an outsider. The Government cannot restore public confidence in the Bank of Thailand if it chooses any of Mr Wichit's subordinates to succeed him."

The priorities, they said, were restoring the bank's credibility at home and overseas and dealing with the BBC fiasco in a manner that would put a stop to the ceaseless barrage of press criticism that was undermining the central bank.

A successor must be independent of political pressure they said, speculating that Finance permanent secretary M.R. [Mom Ratchawong — royal title] Chatumongkhon Sonakun could emerge a suitable candidate.

Thailand: Wichit's Resignation Seen as Positive for Market

BK0307055496 Bangkok BANGKOK POST in English 3 Jul 96 p 15

[Report by Business POST correspondents]

[FBIS Transcribed Text] Wichit Suphinit's resignation yesterday as governor of the Bank of Thailand was not unexpected.

"It was inevitable. The news will be taken positively by the market and the banking industry as it clears up a problem that has been pending for too long," said one analyst who asked not to be named.

Mr Wichit quit to save face and avoid being sacked another analyst said. "It will be a relief now that Mr Wichit, who was seen as the lightening rod of criticism, has been removed."

Mr Wichit gave no reasons for resigning, but his handling of the Bangkok Bank of Commerce [BBC] case was seen as the straw that broke the camel's back.

In the no-confidence debate in May, opposition politicians said the central bank had known about the BBC's mounting losses since at least 1994. Mr Wichit, who has headed the institution since 1990, was criticised for being slow to move in.

"The resignation has come for the right reason. The BBC is within his jurisdiction and he has been involved in monitoring this. How it got to this stage is surprising," said the chief executive of a finance company .

The executive also expressed the belief that in earlier instances, such as the resignation of Ekkamon Khiriwat as the Securities and Exchange Commission chief in December, "Mr Wichit had been more of a puppet than a player."

The news that Mr Wichit had accepted shares at par value in Siam City Finance and Securities, a company he helped to list on the Stock Exchange of Thailand, did nothing for his image.

The foreign investment community largely supported Mr Wichit's monetary policies, but a string of allegations of poor judgment and impropriety began to stick until he became a political and economic liability, said the analyst quoted earlier.

Mr Wichit has been criticised for keeping interest rates high and he made his exit maintaining this stand. Finance Minister Bodi Chunnanon, on the other hand, would like to see interest rates drop

"Monetary policy is seen as the purview of the central bank, and the foreign financial community is likely to be uncomfortable with this overlapping of the Finance Ministry into the domain of monetary policy," said another analyst.

The SET fell 7.91 points (0.6 percent) yesterday in thin trading, closing at 1239.17. A more marked reaction is expected when Mr Bodi announces the new central bank governor likely after next Tuesday's Cabinet meeting.

"If a good name is presented in the near future there will be no problems," said the finance company chief executive quoted earlier. Mr Wichit was seen as being close to former finance minister Surakiat Sathianthai, and a new central bank governor will signal a new team falling into place.

Niwet Hamwachirawarakon, senior vice-president of Nawa Finance and Securities Plc, said Mr Wichit's exit should not create any serious problems in the well organised central bank. Foreigners, he said, were still optimistic about the stability of the Thai economy.

Stock Exchange of Thailand President Sing Tangthatsawat said he believed that who stayed or who left the central bank should create no repercussions on the capital market, since government agencies were well organised.

Mr Sing said that while Mr Wichit's resignation merely confirmed rumours that had been circulating for weeks, investors would have more to say once they learned who would take over at the central bank.

He said investors need not panic over the resignation, but those with large margin accounts should be more prudent.

Suthep Wongworachat, chairman of CMTC Finance and Securities Plc, said the resignation was largely discounted by investors. The Bank of Thailand is a solid institution, he said, though there may be short-term uncertainty until a new governor is named.

Mr Wichit's exit may create short-term disruptions for finance and banking groups that had been waiting for decisions on their proposals to expand their businesses, he added.

Thailand: Editorial Urges 'Independence' for New BOT Governor

BK0307031796 Bangkok BANGKOK POST in English 3 Jul 96 p 4

[Editorial: "Extreme Care Needed in Choosing Wichit's Successor"]

[FBIS Transcribed Text] Wichit Suphinit was correct to resign as governor of the Bank of Thailand yesterday. He had become so controversial that it was clear he could not function effectively. The criticism led to the creation of a new economic stability committee that further limited Mr Wichit's freedom to determine monetary policy. As the Thammasat University economists said, the committee should back off.

We should not exaggerate Mr Wichit's faults, however. He made some mistakes — he should not have taken cut-price shares in a finance company even if he did not break any regulations. But by the end public comment was harsh and judgments were sometimes passed without enough solid facts.

There is some knowledgeable opinion, both inside and outside the central bank, that believes his merits have been overlooked-for example, that he was tougher on the Bangkok Bank of Commerce than the public believes.

Cabinet ministers' criticisms of high interest rates last week were based on special interests and not on the health of the economy as a whole. And if there was a dispute between Mr Wichit and Finance Minister Bodi Chunnanon over interest rates, then Mr Wichit was right and Mr Bodi was wrong. Mr Bodi was wrong in his statements about the economy more often in his first three weeks than were Surakiat Sathianthai and Mr Wichit together in the preceding year.

Mr Wichit had his critics outside the media, to be sure. But the media amplified the criticism, often without enough concrete evidence. If it is worrying that political pressure can sway the central bank, then it is even more worrying that the media might have the power ultimately to bring down the central bank governor. Journalists who might be tempted to gloat over Mr Wichit's departure — and there will be some — should also think carefully about the dangers of what has happened.

Nukun Prachuapmo, Kamchon Sathirakun, and now Mr Wichit — three out of the last four governors — have been sacked or forced to resign. There were fundamental differences, however. Mr Nukun, as uncompromising at the central bank as he was handling telephone contracts in the Anan government, was sacked because he stood up to Finance Minister Sommai Huntrakun. Mr

Kamchon tried a blend of compromise and resistance with his minister, Pramuan Saphawasu, but that only left Mr Pramuan confused and frustrated. Mr Wichit is now seen as the weakest of them all. He tried to please the politicians and ended up pleasing no one.

As a result, the Bank of Thailand is in one of its deepest crises ever. Its priority must be to restore its independence and credibility. The two are linked: without independence, credibility cannot be restored. To some extent the task rests with the senior bank staff — deputy governors, assistant governors, department directors. Fortunately there is still enough expertise, professionalism and integrity in the bank to allow a return to a more normal atmosphere.

But the major responsibility lies with Prime Minister Banhan Sinlapa-acha and Finance Minister Bodi Chunnanon. If they really want to restore the government's credibility in handling economic issues, they have to show that their choice of a new governor reflects a clear understanding of what is needed.

They have to have the guts to pick someone who will stand up to them if necessary. They have to make clear that independence is the first item in the new governor's job description. And Mr Banhan has to share the responsibility, to demonstrate sound leadership, even though the legal power belongs to the Finance Ministry.

How could they do this? For example, they could shrug off political considerations and pick someone like Supphachai Phanitchaphak, a former central banker, deputy finance minister and deputy prime minister, even though he is a Democrat. It would not have to be Dr Supphachai, but that kind of gesture would be a clear demonstration that the selection is not political. And they should definitely not pick a yes-man to do that would cause confidence to plummet even further.

Unfortunately, that has not been Mr Banhan's style. His choice of Mr Bodi as finance minister is clearly based on close personal association. Mr Banhan's style of economic management is rapidly acquiring the image of cronyism, and this is hurting some potential candidates.

Among the favourites for the governorship is M.R. [Mom Ratchawong — royal title] Chatumongkhon Sonakun, permanent secretary of the Finance Ministry. M.R. Chatumongkhon is a well-qualified candidate. But speculation was also heard yesterday that Mr Banhan might want to move him out of the ministry so that another official, allegedly favoured by the Chart Thai Party, could take over as permanent secretary. That, according to the speculation, would put the Finance Ministry with its powers to tax and to licence financial institutions — under full control of Banhan cronies.

One good sign is that Mr Bodi has appointed a caretaker governor. That means he and Mr Banhan have time to think carefully — or to have second thoughts — about Mr Wichit's sucecssor.

Thailand: Acadmeics Criticize Government Economic Policy

BK0307045096 Bangkok BANGKOK POST in English 3 Jul 96 p 5

["Statement" issued by economics professors of the Economics Faculty of Thammasat University in Bangkok on July 1, 1996]

[FBIS Transcribed Text] The economy is sick, as can be seen from rising prices (increasing inflation), a slow down in export growth, the current account deficit and conflicting monetary and fiscal policies. Members of the Economics Faculty have met to discuss these problems and now conclude that:

— In the first five months of 1996, the rate of expansion of exports has decreased when compared to 1996. Even though it is understood that this can be explained by the fact that exports in 1995 were unusually high, if the situation continues it will indicate Thailand has to consider the prospect that its ability to compete with other countries is declining.

— Members of the Faculty of Economics examined the monetary and fiscal policies currently being implemented. We observe that the monetary and fiscal policies conflict with each other. While the Government has increased its expenditure, it has instructed the Bank of Thailand to impose a tight monetary policy, restricting the credit available to the private sector. At the same time the Government is trying to please the private sector by cutting the corporate tax rate from 30 percent to 27 percent. This conflicts with the objective of trying to increase national savings.

— The faculty members are of the opinion that the Government should cut the budget for 1997. In particular, it should cut arms spending. This would help to point monetary and fiscal policy in the same direction, and it would also help to reduce the current account deficit and inflation at the same time. Even though in the past few years the government's fiscal position has been in surplus, for 1997 the trend is for the government to be in deficit. Cutting expenditure is therefore suitable and it should be implemented urgently.

Failure by the Government to be careful with its budget spending, and the reliance on monetary policy to solve the problems created, imposes costs and causes harm to society.

— The Government wants to intervene in the market to reduce interest rates. Faculty members argue that interest rates should reflect reality. They should follow market forces without intervention from the Government. As for controls on the exchange rate, we agree that this should be more flexible, better reflecting the real situation.

— Members of the Faculty of Economics are concerned about the independence of the Bank of Thailand, which is an important policy- making institution. Political pressure or vested interests should not be allowed to interfere with it.

The Economic Stability and Security Committee that has been set up to report directly to the prime minister should be assigned to tackle long-term problems and to consider structural reforms, such as income distribution, savings, consumer behaviour and competitiveness. It should not duplicate the work of the Bank of Thailand.

— Members of the Faculty of Economics are concerned about consumerism in Thai society and excessive spending, in particular among higher classes whose taste for expensive cars ranks second in Asia after Japan at a time when Thailand's income is only 7 percent of Japan's. We, therefore, urge economic and social leaders to set a good example and to find ways of changing extravagant consumption so that domestic savings can be increased.

Moreover, the Government should support systematic saving, for example by requiring provident funds be set up in all businesses.

— Members of the Faculty of Economics are of the opinion that the Government's administration and policy-making is suffering a crisis of confidence from the private sector both inside and outside the country. The nation's administrators should consider this so that Thailand's economic policy can be clearer and more credible.

Signed by: Assoc Prof Dr Somsak Thambunloetchai, Assoc Prof Dr Choemsak Pinthong, Assoc Prof Dr Suphot Chunnanantathum, Assoc Prof Dr Phraiphon Khumsap, Assoc Prof Dr Sukanya Nitangkon, Dr Atchana Waikhuamdi, Dr Chawin Linabanchong, Dr Chanin Miphothi, Dr Kowit Chanwitthayaphong, Assoc Prof Dr Matthana Phananiramai, Assoc Prof Dr Wanrak Mingmaninakhin, Asst Prof Sukrita Satchamaraka, Asst Prof [Assistant Professor] Anong Rotchawanit, Dr Wilaiwan Wannitikun, Nitinan Wisawaisuan, Niramon Sutthammakit, Dr Thanawit Thoet- udomtham.

Thailand: Prime Minister Defends Government's Economic Record

BK0307033396 Bangkok BANGKOK POST in English 3 Jul 96 p 1

[Unattributed report]

[FBIS Transcribed Text] The Prime Minister put up a defense of the Government's monetary and fiscal policies yesterday in reply to remarks from Thammasat University's economics lecturers.

Banhan Sinlapa-acha said the state of the economy was not as bad as some people had said.

It was making fair progress and the Government had been successful in achieving an eight percent annual growth rate, he said.

Among the 17 lecturers who signed a statement critical of the Government's conduct of the economy was a TV talkshow host, Assoc Prof [Associate Professor] Choemsak Pinthong.

Mr Banhan argued that while academics were able to say what they had learned from textbooks, they were not required to put their words into action.

The Government, on the other hand, carried the responsibility for its actions and had to be attuned to the people's needs.

"The academics may be right, but at the same time, they may not understand the real situation. We listen to what they have to say to see if it can be put into practice," Mr Banhan said.

But it was also necessary for the Government to receive recommendations from permanent officials.

He said that in the present economic circumstances, small and medium-sized businesses, especially in the real estate field, were suffering because their ability to acquire loans from financial institutions to keep their businesses going had been limited.

"We're looking for ways to help them. There will be a meeting on July 11 to discuss the matter," he said.

He sought to allay fears of inflation, saying that it would be kept under control.

There will be a meeting of the Economic Stability and Security Committee on July 8 to find ways of tackling the current account deficit.

He dismissed reports of an alarming slowdown in exports.

On the question of defense spending, Mr Banhan denied that the administration had yet bought any kind of armaments, and said the proposal for a satellite system had not been tabled for cabinet consideration.

Thailand: Security Official's Claim Irks Southern Muslim Leaders

BK0307052696 Bangkok BANGKOK POST in English 3 Jul 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Yala — A security official has enraged Muslim leaders by linking Islamic custom to militant separatism in the South.

Muslim leaders have filed a complaint with Defence Minister Chawalit Yongchaiyut about the claim made by Col. Chalo Kingthong in the mass circulation daily THAI RAT.

Col. Chalo, attached to the Internal Security Operations Command, claimed unrest in the region would increase as a result of the rule that Muslim men can have four wives

If a Muslim wanted a fifth wife, he said, he would have to leave one of the four who was generally the least well-off. Sons of the abandoned wife, he went on, were likely to be recruited by militants.

Letters of complaint signed by leaders of the Pattani, Narathiwat and Yala Islamic committees have also been sent to the National Security Council and Southern Border Provinces Administration Centre.

In the letters, the Muslim leaders said Col. Chalo's comments were ill-informed and damaging to Muslim society.

Vietnam

SRV: Charge d'Affaires to U.S. Interviewed on Relations

BK0507134596 Hanoi VIETNAM INVESTMENT REVIEW in English 17-23 Jun 96 p 6

[Interview with Le Van Bang, Vietnamese charge d'affaires to the United States, by Truong Van Khoi, VIETNAM INVESTMENT REVIEW correspondent; place, date not given]

[FBIS Transcribed Text] [Truong Van Khoi] Vietnam-USA relations have shown a noticeable improvement. Could you comment on that?

[Le Van Bang] Though the presidential election is taking place this year, both President Bill Clinton and the US Government have shown their determination to further boost bilateral relations. Next year is expected to see further steps.

After the diplomatic normalisation in 1995, both nations have further developed political and diplomatic relations by sending delegations of high-ranking officials to each other's nations. Particularly, Pete Peterson was appointed by President Bill Clinton as the Ambassador to Vietnam. This nomination is waiting to be passed by the US Senate. Vietnam is also actively preparing to appoint an ambassador to the USA. Both sides have had talks on the establishment of general consulates in Ho Chi Minh City and San Francisco. The activities of the embassies of both nations have been enhanced.

[Truong Van Khoi] A trade agreement between Vietnam and the USA is being worked out, what is the latest?

[Le Van Bang] Both sides are exchanging points and negotiating on related terms of the agreement. Vietnamese Trade Minister Le Van Triet has had positive talks with his American counterparts on the issue.

The draft agreement may be possibly completed by the end of this year and will be submitted for discussion at the Vietnam National Assembly and the US Congress by next year. The Most Favoured Nation (MFN) status is also included in the agreement. The USA has suggested signing a number of economic agreements regarding copyright and intellectual property protection, aviation and debt settlement.

It is noteworthy that, although these agreements have not yet been reached, many American firms have come to conduct market research and study Vietnam's laws for their future investment.

[Truong Van Khoi] According to some sources, Charlene Barshefsky, the US trade representative, during a meeting with Vietnam Trade Minister Le Van Triet, put forth a number of conditions for the trade agreement. The economists worry that this would impede it. What's your opinion on this?

[Le Van Bang] The USA proposes six points for negotiation not as prerequisites to reach the agreement. This is only a technical problem. Both sides will further discuss and negotiate these issues.

[Truong Van Khoi] What, in terms of commerce and investment, are of interest to American entrepreneurs?

[Le Van Bang] In 1995, the trade balance between Vietnam and the USA accounted for US$500 million and US investment in Vietnam totalled US$1.2 billion. For the time being, American firms are most interested in two fields petroleum and electricity. Some enterprises in Connecticut, however, zero in on construction of airports, sea ports, and shipbuilding in Vietnam.

I think that with supportive regulations made by the US Government, bilateral trade will be strengthened, not excluding the possibility that the USA would top or come second on the list of foreign investors in Vietnam.

[Truong Van Khoi] Will there be any major projects — by way of building bridges of cooperation between Vietnam and the USA — in the near future?

[Le Van Bang] The major projects under discussion are those to build big electricity plants in Vietnam. Many US corporations are interested in these projects. Sargent & Lundy and Community Energy Alternatives Inc (CEA) have expressed their wish to invest in nuclear, gas and coal operated electricity plants. They can help us to develop the electricity sector in the next 10-15 years. These projects would be worked out either in the forms of joint ventures or build-operate-transfer.

[Truong Van Khoi] In this bilateral economic improvement, what are the opportunities for Vietnamese enterprises in the US market?

[Le Van Bang] At present, Vietnam is exporting to the USA rice, coffee, pepper, cashews, rubber, lacing items, and sea products. In my opinion, in the near future, textiles, leather items and garments will be included. These sectors have many opportunities in the US market. In around five to 10 years, electronics and software will find prospective chances here.

[Truong Van Khoi] The Vietnamese-American communities are rather large and many of them are successful. Can they make up a "Vietnamese economic force"? What is their role in boosting Vietnam- US economic relations?

[Le Van Bang] Their role is important. They make great contributions to the US economy. There have been many companies run by them to serve as links between the two nations.

There are now around 1.3 million Vietnamese American living in the USA. Thanks to the 'Doi Moi' policy of the Vietnamese Government, to economic growth and to Vietnam-US diplomatic normalization, the number of overseas Vietnamese who want to invest in their motherland has increased. So far, there are around 120,000 of them coming home for both business and family visits every year.

SRV: Australian Foreign Minister Upbeat on Ties

BK0507134096 Hanoi Voice of Vietnam in English 1000 GMT 5 Jul 96

[FBIS Transcribed Text] At the invitation of Vietnamese Foreign Minister Nguyen Manh Cam, Mr. Alexander Downer, minister of Foreign Affairs of Australia paid an official visit to Vietnam from 4-5 July. This visit is significant in that it is the first visit to Vietnam by an Australian foreign minister since the change of government in Australia in March this year. On Friday morning the Australia foreign minister held a press conference to inform results of his Vietnam visit. Speaking to newsmen the Australian foreign minister says:

[Begin Downer recording in English] I am delighted to be the first minister of the new Australian coalition government to visit Vietnam, and indeed I am one the first ministers from my party that have been to Vietnam at all since the time of the Vietnam War. It is a relationship that we value. We regard it a very important relationship. Vietnam is a country that is increasingly participating in regional affairs as a member of ASEAN, and as a country that participates in the ASEAN Regional Forum, and as a country which is progressively deregulating and opening its economy. I believe that our relationship with Vietnam can go from strength to strength.

We gave some consideration to the relationship after the last election. One of the issues we had to consider was whether we would proceed with the plan of the previous Australian Government to build the My Thuan Bridge in the Mekong. We had. It is true that the opposition had been critical of the project. We looked at a large number of factors, first of all the importance that the Vietnamese Government places on the project. Secondly the fact the Australia has already, or will have by later this year, spent a sum of nearly $10 million into the project through a feasibility study and also through the design of the bridge. And thirdly, we had to look at the developing implications of this project. We decided that we believe in the interests of all concerned, and bearing in mind we already spent nearly $10 million on the project to proceed with the building of the bridge. And that has clearly been very much appreciated by Foreign Minister Cam and by the Vietnamese Government. We also talked about a large number of other issues. We particularly appreciate the support that Vietnam is giving to Australian policy of regional engagement which is our first foreign policy priority. The support we get from Vietnam is an illustration of the strength of our relationship. For example, Vietnam is supporting Australia's bid to participate at the next Asia-Europe Summit meeting to be held in London in early 1998. Foreign Minister Cam has given me the assurance that Vietnam will vote for Australia to become a member of the United Nations Security Council either for this year or next year. And there are other areas of mutual cooperation which I think illustrate the point that no bilateral relationship is without its difficulties, and we do have some difficulties with Vietnam, and that in essence this is a very good relationship, and one which we are committed to developing. [end recording].

SRV Industry Official Interviewed on Foreign Investment

BK0507135396 Hanoi VIETNAM INVESTMENT REVIEW in English 17-23 Jun 96 p 14

[Interview with Nguyen Xuan Chuan, first vice-minister in charge of foreign economic relations at the Ministry of Industry, by unidentified VIETNAM INVESTMENT REVIEW correspondent; place, date not given]

[FBIS Transcribed Text] [VIETNAM INVESTMENT REVIEW] What is the present situation with foreign investment in the industrial sector?

[Nguyen Xuan Chuan] As of March 1996, there were 685 foreign- invested industrial projects in Vietnam with about US$7 billion in registered capital — 35.1 per cent of total registered capital in the country. Realised capital in these projects is US$1.8 billion. Through investment operations, many new products such as automobiles, motorcycles, television tubes and high-grade electronic goods are being produced to international standards.

However, even though Vietnam is making efforts to improve its bureaucracy, cumbersome licensing procedures are still creating difficulties for investors. A member of licensed projects in the automotive sector have been unable to reach the production figures forecast in their feasibility studies because of quota restrictions for automobiles and motorcycles.

Meanwhile, foreign-invested companies find it difficult to get capable Vietnamese managers to operate their projects, while at the same time there have been troubles with labour relations in some of these companies.

To overcome these difficulties, post licensing procedures must be streamlined to facilitate conditions for investors to deploy their projects more quickly. Proposals have been put to the Prime Minister that quotas be cancelled and that conditions be created to bring trade operations in conformity with international practices.

[VIETNAM INVESTMENT REVIEW] What is your assessment of technology transfer through foreign investment operations? Do technology levels, prices and.equipment meet requirements? How will the role of foreign investment in modernising Vietnam's industry be enhanced?

[Nguyen Xuan Chuan] We are satisfied with technology transfer in foreign invested projects in the industrial area. Most technology transferred in the industrial sector is advanced. For example, in the steel area Vietnam has access to the world's most advanced, modern speed-rolling technology.

In the automobile industry, state-of-the-art electro-coating painting techniques are used. However there are still some cases where technology transfer is not meeting requirements.

It is difficult to value technology and equipment as it depends on know-how.

In my opinion, increased foreign investment in modernising Vietnamese industry depends on our initiatives. If we want foreign investment to play a more active role, we should take the initiative and adopt specific strategies and plans for the industrial sector to attract more foreign investment. This is a fundamental factor. We should train people in new technologies and in project management, thus creating conditions to attract foreign investment to industry.

At the same time, we should make plans for industrial zones to attract investment. We are working on these ideas now and hope that within a few years there will be a sharp growth in foreign investment in Vietnamese industry.

[VIETNAM INVESTMENT REVIEW] What plans are there in the industrial sector to boost the ratio of Vietnamese to foreign content in processed or manufactured goods?

[Nguyen Xuan Chuan] Many foreign investment projects in Vietnam still involve a high proportion of the total manufacturing work being subcontracted to overseas companies and only a small proportion being assembled in Vietnam.

For example, in the textile industry, the ratio of materials and cloth produced at home can only be 30 per cent of the finished product, while the remainder is imported. In the consumer electronics area, domestically produced materials and parts for goods assembled in Vietnam have to have at least 20 per cent of the value of the product.

In the automotive sector, the ratio of materials manufactured at home is still low — only five per cent is required in the first five years, rising to 30 per cent of total parts and accessories in the next five years.

The different rules about the amount allowed to be subcontracted varies between different industries depending on the complexity of the products and the potential for local supply.

We estimate it will take 20 years for the automobile industry to be able to manufacture 70-80 per cent of spare parts in Vietnam.

The current regulations allowing substantial overseas subcontracting is simply a buffer zone for industrial development before we move to better levels.

To improve the ratio of local to foreign parts, we have to attract advanced technologies through foreign investment and then ask suppliers to bring into Vietnam the means to produce goods that will increase local production.

This is what investors like Honda, VMEP and other electronic companies are doing.

[VIETNAM INVESTMENT REVIEW] What are the fundamental objectives and policies to attract foreign investment into the industrial sector in the future? What are the priority industries?

[Nguyen Xuan Chuan] The Ministry of Industry has drafted its strategy and basic plan for industries under its management. By 2010 we will need US$70-US$75 billion invested in industrial development.

The first priority is developing infrastructure industries such as power, steel, petro-chemicals and engineering. Between now and 2000, we need US$1 billion annually to build and develop our power generation network.

The second priority is to develop the agricultural products processing industry. Thirdly, we need to develop export-oriented industries, and import substitution industries.

Fourthly, we need to accelerate mining and mineral development. The Ministry of Industry has taken the decision to advance directly to modern technology in order to stop the import of obsolete technology. We need to change vigorously from subcontracting and using foreign materials in production to using domestic materials. In mining operations, we need to practise thrift and use mineral resources effectively as well as stopping random exploitation and the export of raw minerals.

Parallel with its policy to attract foreign investment, the Ministry of Industry is drafting other policies, such as those to encourage vigorous investment in domestic production of pasts and accessories in or order to avoid many goods being produced overseas with very little Vietnamese input.

The ministry has also submitted proposals to the Ministry of Finance to amend tax rates for domestically manufactured high-tech products such as computers and information technology products.

As part of its short term objectives, the Ministry of Industry is encouraging foreign investment in export manufacturing industries and import substitute manufacturing industries, in order to resolve chronic unemployment problems. In the longterm, high-tech industries are being encouraged.

However, copyright protection is necessary to attract advanced technology and the relevant Vietnamese agencies should work more actively to protect producer's legitimate interests and at the same time attract investors in this area.

SRV: Socioeconomic Plan Set for 1997

BK0507071996 Hanoi VNA in English
0636 GMT 5 Jul 96

[FBIS Transcribed Text] Hanoi VNA July 5 — The prime minister [PM] has ordered ministries, economic branches and sectors, and localities across the country to strive for successful implementation of the 1996 plan and to build a socio-economic development plan as well as a state budget scheme for 1997.

[Word indistinct] the implementation of the current plan, the prime minister has requested all ministries, branches and localities to review what has been done and left undone in carrying out the plan and objectives set for this year in order to outline drastic measures in the second half of 1996 to successfully carry out this plan.

For the socio-economic development plan for the next year, the PM called for great efforts to settle five crucial issues, namely:

— To continue maintaining a high economic growth rate, increasing the efficiency of the national economy, and creating positive changes in the implementation of every economic development programme and sector set in the 1996-2000 five-year plan.

— To increase financial sources for the country, continue tax reform restructure state budget allocations in line with the law on state budget, generate more income sources and raise the efficiency of state budget allocations.

— To accelerate the implementation of socio-cultural development programmes, facilitate renewal of cultural, artistic, radio and TV activities, public health care, population and family planning as well as other social activities.

— To focus more efforts on socio-economic development programmes in the mountainous, remote, out-of-the-way, and coastal regions with better utilization of local resources and assistance from the government and
— To continue consolidating and renovating the state management apparatus in all sectors and at all levels, intensifying administrative reforms and maintaining order and discipline in social and economic management.

Main objectives of economic growth in 1997 as against 1995: gross domestic product (GDP) will rise by 9-10 percent; agriculture and forestry by 4.5-4.9 percent; industry by 14-15 percent; services by 12-13 percent; exports by 28 percent; and imports by 2 percent.

Australia

Canberra Plans To Enhance Security Ties With U.S., Indonesia

BK0307031596 Melbourne Radio Australia in English 0100 GMT 3 Jul 96

[FBIS Transcribed Text] Australia says it stands at a positive new threshold in its security relations with Indonesia and the United States. Speaking upon his return from talks in Washington and Jakarta, Defense Minister Ian McLachlan says Australia wants to develop new and enhanced security arrangements to manage a rapidly changing regional environment.

Addressing a defense conference in Canberra, he said Indonesia and America were two key defense relationships for Australia. He said the futures of Australia and Indonesia are inextricably tied, stressing that it is essential for the two countries to work together.

Mr. McLachlan also said the proposal for U.S. marines to exercise in northern Australia would be the biggest step-up in cooperation with America in many years. The defense minister said there could be two or more marine exercises each year involving up to 2,500 people.

Australia: Report Said To Find Indonesian Troops Shot Newsmen in 1975

BK2706030396 Melbourne Radio Australia in English 0100 GMT 27 Jun 96

[FBIS Transcribed Text] Australia's deputy Labor leader and former foreign minister, Gareth Evans, says a government inquiry into the death of six Australian newsmen in East Timor in 1975 will find they were killed by Indonesian troops.

Foreign affairs minister, Alexander Downer, will release a report on the findings of the inquiry in Parliament today. Jakarta has denied that its troops were directly responsible. Mr. Evans says the findings will make relations with Indonesia more difficult.

[Begin Evans recording] The report's findings are quite serious in that respect. My understanding is that it is not a finding of cold-blooded execution, rather adrenalin-pumping exuberance, if you can use that expression, by Indonesian troops which had always previously been denied. So, we are moving into a very difficult bilateral situation, I think, with the implication of the report and Australia requires a much more delicate handling than Alexander Downing seems to be capable of. [end recording]

Australia: Downer Says Government Can Do 'Little' on East Timor Report

BK2806040396 Melbourne Radio Australia in English 0100 GMT 28 Jun 96

[FBIS Transcribed Text] The Campaign for an Independent East Timor organization says the Sherman Report into the deaths of six Australian newsmen in East Timor in 1975 proves that Indonesia has a case to answer. But, a spokesman for the organization, (Andrew Alcott), says the federal government is backing away from the issue by refusing to hold a judicial inquiry.

Australia's foreign affairs minister, Alexander Downer, says there is little the government can do because the report does not identify the Indonesian soldiers responsible.

Mr. Downer has requested further information from his Indonesian counterpart. Mr. (Alcott) says if Mr. Downer was serious, he would seek United Nations help to pressure Indonesia into taking part in a full inquiry into the deaths.

[Begin recording] [(Alcott)] The argument by the foreign affairs minister that it is all too late flies in the face of the experience of some other countries dealing with Nazi war criminals and obviously we would like to go a step further to ensure that there is an inquiry into other violations of human rights carried out by the same regime. [end recording]

Australia: PNG Urged Not To Mount Assault on Bougainville

BK2806062996 Melbourne Radio Australia in English 0500 GMT 28 Jun 96

[FBIS Transcribed Text] Australia has warned Papua New Guinea [PNG] against mounting a new military assault on Bougainville. The chairman of the Parliament's Foreign Affairs Committee, Ian Sinclair, says he has delivered separate messages of caution from both Australia's foreign minister and defense minister.

Mr. Sinclair was speaking in Sydney at a security conference attended by PNG's defense minister and senior PNG public servants.

[Begin Sinclair recording] I despair that a military offensive is going to divert a great deal of media attention and it is going to detract from the capacity of restoring people to their ordinary way of life. Indeed, the very demonstration outside this building today is there not because Australia is opposed to PNG; it is there because they are concerned for PNG. They are concerned to try and ensure that the peace process is in fact implemented. [end recording]

Mr. Sinclair says Foreign Minister Alexander Downer has warned of human rights abuses if there is a military attack on Bougainville. He says Defense Minister Ian McLaughlin values the defense relationship with PNG, but Australia will not give military support to actions on Bougainville.

Australia: Trade Representative Visits Baghdad To Explore Trade

BK2806043296 (Internet) Australian Broadcasting Corporation Online WWW in English 0059 GMT 28 Jun 96

[FBIS Transcribed Text] Australia has made a gesture of willingness to step up trade with Iraq following the easing of sanctions on the nation enforced after the Gulf war.

An Australian delegation has visited the capital Baghdad, and Austrade's representative in the Middle East, Charles Jamieson says the exercise was a great success.

Mr. Jamieson's the first senior government official to visit the country since the war, and he says the Iraqis are positively predisposed to Australia.

His visit aimed to maximise the potential for Australia in supplying wheat, dairy products, rice and other foodstuffs and medical supplies.

A delegation from BHP also visited Iraq.

Australia: Treaty To Create Trans-Tasman Food Market Signed With NZ

BK0507062796 Melbourne Radio Australia in English 0500 GMT 5 Jul 96

[FBIS Transcribed Text] Australia and New Zealand [NZ] have signed a historic treaty creating a trans-Tasman food market. The treaty creates a uniformed food authority, giving manufacturers better access to both markets and simplifying food standards. New Zealand's Associate Minister for Health Katherine O'Regan says the treaty will be the first of many to allow closer economic ties.

[Begin O'Regan recording] I believe it will be a blueprint for the future for other, particularly in health areas ..., other bodies being established perhaps in the area of hygiene regulations and therapeutics, who knows, and I think that this is certainly a blueprint and we are very pleased and very proud to be a part of this procedure with Australia. [end recording]

The treaty was signed after a meeting of the Food Standards Council in Hobart.

Australia: Daily Criticizes Downer's 'Ineptness' on DIFF Issue

BK3006073696 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 28 Jun 96

[Editorial: "Downer's DIFF Bungle" — received via internet]

[FBIS Transcribed Text] The decision to cancel the Development Import Finance Facility [DIFF] is not the most important aspect of the current controversy over the deliberate decision by the Foreign Minister, Mr Alexander Downer, to mislead parliament. While quite a few companies have benefited from DIFF "subsidies" over the years, the fact is that, at a time when the Federal Government is cutting costs, this is precisely the sort of program that has to be targeted.

Of course, some of our Asian neighbours are less than enthusiastic about any proposed cut in Australian financial contribution to their countries. In the same way, those Australian companies that will be disadvantaged by the loss of DIFF are also understandably angry about the decision. No-one wants to suffer as the result of spending cuts. However, if every interest group was spared, the chance of restoring fiscal discipline to the Federal Budget would disappear.

The real, and much bigger, issue is not the axing of DIFF but the performance of Mr Downer when handling what should have been a relatively straightforward issue. This ineptness, if it continues, has the potential to do Australia a great deal more harm than the cancellation of DIFF.

After a week of stumbles in Parliament over this issue, Mr Downer admitted that, at the time he told Parliament that he had not received any ministerial-level representations from Asian countries about the matter, he was in fact aware of a letter from the Indonesian Minister for Research and Technology, Dr B.J. Habibie, arguing against DIFF's cancellation.

In apologising in the House of Representatives, Mr Downer said he had "probably erroneously" made a judgement not to mention the letter when asked about the issue, adding that he regretted "that this matter has not been handled more expeditiously". Quite so. Deliberately misleading Parliament is quite unacceptable behaviour and makes the whole unedifying episode that much worse.

It may be that Mr Howard's original decision to give Mr Downer the Foreign Affairs portfolio was due to a promise struck when Mr Downer stepped down from Liberal Party leadership in favour of Mr Howard. But even if this is the case, the honouring of that commitment must be conditional on adequate performance. Mr Downer should be able to meet that criterion, and may well in time, but he certainly needs to lift his game.

It might be different if Australian foreign policy was being formulated in a less dynamic and less challenging international environment. When Mr Bill Hayden, for example, became Foreign Minister in 1983, Foreign Affairs was not a crucial portfolio. In a world structured largely by Cold War considerations, the task of Australia's Foreign Minister was relatively straightforward. This is no longer the case.

The AUSTRALIAN FINANCIAL REVIEW certainly didn't agree with everything Mr Gareth Evans did when he was Foreign Minister, but there is absolutely no doubt that he handled the many difficult issues that arose during his time in the post with commendable rigour and sophistication. To date, Mr Downer has fallen well short of that performance.

Things might not be so bad if he would acknowledge the need for extra caution until he is fully on top of the job. In particular, he should resolve to say as little as possible unless properly briefed by his department. This, unfortunately, is not his way. His quite inappropriate Catholic jokes, told recently to an official gathering at a Jesuit university in Georgetown in the United States, were all too typical of his tendency to speak off the cuff rather than stick with his brief.

In the same way, Mr Downer could have furthered the Government's case for the abolition of DIFF had he stuck to the basic task of energetically explaining why this move makes sense. At the very least, there was a need to more vigorously address the view that such "soft loan" programs are an integral way of doing business in much of Asia, and that without them Australian companies will miss out on important contracts.

This argument has very little to do with defending foreign aid, and a lot more to do with subsidising Australian business. This newspaper does not believe that this sort of subsidy is the way to go. What's more, even if it was, it should be fully transparent — not presented as essentially foreign aid.

Mr Downer has done a poor job of presenting the Federal Government's side of the debate. He will need to do a lot better in future if he is to hold on to the Foreign Affairs portfolio.

New Caledonia

New Caledonia: French Minister Holds Talks With FLNKS Leader

BK0307075996 Melbourne Radio Australia in English 0500 GMT 3 Jul 96

[FBIS Transcribed Text] The French minister for overseas territories, Jean-Jacques de Peretti, says talks between pro- independence groups in New Caledonia and his government are back on course.

Speaking in the French territory's capital, Noumea, Mr. de Peretti said he had held talks with tribal leaders and delegates from the Kanak independence group, the FLNKS [Kanaka Socialist National Liberation Front]. The delegates were led by the FLNKS president, Rock Wamytan, who said the discussions were proceeding well.

Mr. de Peretti said he would not give specific details on the negotiations because the FLNKS had asked for confidentiality. He said there would be more talks later this week and he will also have a meeting with delegates from the South Pacific Forum.

New Zealand

New Zealand: Daily Says 'Much Depends on India' on CTBT

BK0407143896 Christchurch THE PRESS in English 2 Jul 96

[Editorial: "No Test-Ban Treaty Yet" — received via Internet]

[FBIS Transcribed Text] Sadly, a treaty to stop all nuclear tests was not concluded in Geneva at the end of last week. The June 28 deadline had long been accepted, and momentum had built towards achieving a comprehensive test-ban treaty [CTBT]. Timing is all-important in international relations, and the circumstances may not come again easily or soon.

All is not lost. A draft treaty was produced, and countries have agreed to consider it. The 61-member Committee on Disarmament will meet again at the end of this month and countries should have some reactions to the draft by then. France, wanting things to move along, was prepared to accept the draft although it saw it as imperfect.

India, more than any other single country, prevented agreement. Its stated objections were that it believed the treaty was against national security, that the treaty would not commit the nuclear powers to nuclear disarmament, and that Britain, China, France, and Russia were insisting on all nuclear powers and the threshold nuclear powers ratifying the treaty before it came into force. The United States did not insist on that point, and France later withdrew its insistence. The threshold States are those countries not officially acknowledged as having nuclear weapons, but which might have them or be able to produce them very quickly: India, Pakistan, and Israel. This process of ratification — making the provisions of the treaty part of domestic law — is taken by India to mean that the international community would dictate to India what its law should be.

India's main national security concerns are China and Pakistan. China has long been an acknowledged nuclear power. India does not want to forgo the possibility of having its own nuclear weapons. India also considers that nuclear weapons amount to a modern "currency of power" — a view that finds some support in the fact that the five permanent members of the Security Council are all nuclear powers. India has taken the view that both the proposed comprehensive test-ban treaty and the existing Nuclear Non- Proliferation Treaty preserve the monopoly of nuclear powers on nuclear weaponry. India sometimes sees this as directed primarily against India.

It would be inaccurate to view India alone as holding up the conclusion of the treaty. The international negotiators continue to address three main points. The first is what the preamble should say about a linkage between a comprehensive test-ban treaty and nuclear disarmament. One side does not want a strong linkage; the other does. The second major point at issue is the provision for on-site inspections if a country is suspected of having conducted a nuclear test. The US wants the treaty to contain measures so that there can be a specific and full international inspection if a test is suspected; China is opposed to this.

The third major point relates to when the treaty would enter into force. One side, which includes New Zealand, argues for entry into force after a certain number of countries ratify the treaty. Britain, Russia, and China want the entry into force to occur after all nuclear powers and the threshold States ratify the treaty. This effectively would give one nuclear power, or a threshold State, a veto on the treaty being implemented.

The comprehensive test-ban treaty is to limit what has become known as the horizontal and vertical development of nuclear weapons.

Horizontal development refers to the spread of nuclear weapons to nations other than those which have already developed them. A country might be able to develop nuclear weapons without conducting a nuclear test, but it would not be certain that the weapons would behave as expected. A test-ban treaty might make it less likely that a country would develop nuclear weapons.

Vertical development refers to the improvement of nuclear weapons. ?Nuclear powers have considered that they needed nuclear tests to make their weapons smaller and more specific in their effects. A comprehensive test-ban treaty would help prevent such development, and, in the eyes of several countries, should be a step towards preventing reliance on nuclear weapons.

New Zealand has long been a strong advocate of a comprehensive test-ban treaty. New Zealand and Australia have taken turns each year in the United Nations to put forward a draft treaty seeking an end to all nuclear tests. A treaty is now within the world's grasp. Much depends on India. A month's delay should not place the treaty beyond grasp, but the longer the delay the greater the chance that the opportunity will be lost for a very long time.

New Zealand: PRC Wants Country To Refuse Entry to Dalai Lama

BK0207045196 Hong Kong AFP in English 0128 GMT 2 Jul 96

[FBIS Transcribed Text] WELLINGTON, July 2 (AFP) — China on Tuesday called on the New Zealand government to refuse entry to exiled Tibetan leader the Dalai Lama.

It warned the visit could harm relations. Chinese ambassador Huang Guifang said the Dalai Lama's intended visit in September "can by no means be acceptable to us".

He also warned that it would be unacceptable for New Zealand officials to meet the Dalai Lama.

Speaking at a New Zealand-China symposium here, Huang said a visit could interfere with the development of smooth relations.

The Dalai Lama last visited in 1992 and met Prime Minister Jim Bolger and Foreign Minister Don McKinnon.

Bolger emphasised then he was meeting the Dalai Lama in his capacity as a world religious leader and that politics would not be discussed.

Bolger's office said Tuesday no request had so far been received to meet the Dalai Lama this time, though the visit was still some time off.

Huang told the symposium some New Zealanders, including politicians, were not well informed about Tibet and the Dalai Lama and had made unfair allegations about China.

He said Tibet had been part of China and under China's government since the mid-13th century.

Traditional Tibetan religious activities were protected and respected.

"The Dalai Lama is not purely a religious personage but an exile who engages in political activities aimed at splitting the motherland.

"Therefore, the Chinese government resolutely opposes his visit to other countries...to conduct political propaganda distorting Tibet's history and current situation or advocating independence," said Huang.

New Zealand: Minister Unconcerned by PRC's Warnings Over Dalai Lama

BK0307023596 Hong Kong AFP in English 0136 GMT 3 Jul 96

[FBIS Transcribed Text] WELLINGTON, July 3 (AFP) — New Zealand Foreign Minister Don McKinnon on Tuesday shrugged off warnings from the Chinese@ambassador about a visit by the Tibetan spiritual leader, the Dalai Lama.

The ambassador, Huang Guifang, said Tuesday there was a risk to relations between China and New Zealand.

But McKinnon, who met the Tibetan leader when he came to Wellington in 1992, said he has had the same warnings before. He said he had no intention of denying the Dalai Lama entry.

"Obviously the ambassador is acting under instruction. I've met the Dalai Lama before and the sky didn't fall in," he said.

"New Zealand-Chinese relations are very good, they are a very strong trading partner of ours.

"I meet the Chinese foreign minister no less than twice a year, issues like this don't really come between us."

The Dalai Lama is due to visit in September and the Chinese ambassador called on the New Zealand government to refuse him entry.

Huang said the visit "can by no means be acceptable to us" and also warned it would be unacceptable for New Zealand officials to meet the Dalai Lama.

China has formally occupied China for more than 30 years. The Dalai Lama fled into exile in India after an abortive anti-Chinese uprising in 1959.

Huang told a symposium Tuesday that some New Zealanders, including politicians, were not well informed about Tibet and the Dalai Lama and had made unfair allegations about China.

But China has faced growing international pressure over its action in Tibet. Beijing called off a visit by German Foreign Minister Klaus Kinkel last week after the German parliament passed a motion criticising China over Tibet.

China has been accused of widespread human rights violations in Tibet and there have been reports of attacks on government targets and other violence. China now calls Tibetan separatists "terrorists."

The office of Prime Minister Jim Bolger said Tuesday no request for a meeting had yet been received from the Dalai Lama.

New Zealand: McKinnon Shrugs Off PRC Warnings on Dalai Lama Visit

LD0307132096 Melbourne Radio Australia in English 0700 GMT 3 Jul 96

[FBIS Transcribed Text] New Zealand's foreign minister has shrugged off warnings from China about a visit by the Tibetan spiritual leader the Dalai Lama in September. Chinese ambassador Huang Guifang said yesterday [2 July] that New Zealand should refuse entry to the Dalai Lama or risk damaging the bilateral relationship. However, Foreign Minister Don McKinnon has responded by saying he has no intention of denying entry to the Dalai Lama. Mr. McKinnon, who met the Tibetan leader when he visited Wellington in 1992, said New Zealand-Chinese relations were very good and such issues would not come between them.

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